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23 January 1990

NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

XINHUA Roundup Views North-South Economic Gap

OW2201124990 Beijing XINHUA Domestic Service
in Chinese 1030 GMT 18 Jan 90

[By reporter Liu Xin (0491 2500)]

[Text] Beijing, 18 Jan (XINHUA)—Roundup: A Decade Marked by a Widened Gap Between the Rich North and the Poor South

One of the characteristics of economic activities during the 1980's was the continuous worsening of the conditions for economic development in the South and the marked widening of the gap between the rich North and the poor South.

During this decade, all developing countries except those in East and Southeast Asia—that is, the developing countries in South Asia, the Middle East, black Africa, and Latin America—all had a slower economic growth rate than in the 1970's. Moreover, in many developing countries, the present average per capita income is below the level they attained in the early 1980's because their population grew at a faster pace than their economic growth. In Latin America, the per capita national income was \$2,010 in 1980 but dropped to \$1,800 in 1988. In Africa, the per capita national income has declined more than 20 percent since 1980.

According to World Bank statistics, the declining income of the developing countries led to a drop in their total investment during the decade. From 1980 to 1988, the investment rate calculated as a percentage by comparing the investment amount to the gross national product dropped from 20.8 percent to 14.1 percent in African areas south of the Sahara, from 24.2 percent to 15.7 percent in Latin America and the Caribbean, and from 23.1 percent to 20.7 percent in South Asia. Only in East Asia did the investment rate climb from 29.4 percent to 33.2 percent. Because of the declining investment, major economic departments of many developing countries could not proceed with equipment upgrades. The result of this was a lack of strength for economic growth and the potential for future economic development being adversely affected.

In contrast with the developing countries, the economies of the developed countries in the North have continued to grow during the 7 years since they moved out of economic recession in 1982. Their average per capita national income soared from \$10,650 in 1980 to \$14,580 in 1987, a rise of about 40 percent. During the same period, the average per capita national income of the developing countries as a whole increased from \$680 to \$720, or a growth rate of less than 6 percent. All developing countries, except for those in Asia, experienced a drop in their average per capita income.

In the Third World, a debt crisis broke out in 1982 and has continued to the present. The debt crisis caused

commercial banks to suspend the loans they voluntarily extended to the debtor countries, and made it more and more difficult for countries of the South to obtain funds from the international capital market. In 1981, the net amount of foreign investment and loans from foreign governments and private sources obtained by developing countries stood at \$131 billion, according to estimates made by the International Monetary Fund. From then on, the amount fell each year. In 1989, it was only \$53 billion.

During these 10 years, the actual interest rate charged by Western commercial banks on loans was the highest since the "Great Depression." This not only aggravated the repayment burden on debtor countries, but what is more, drew the funds of poor countries into the monetary market in the North. In 1982, the net amount of capital funds flowing into developing countries was \$18.2 billion. In 1984, the direction of flow began to reverse. In 1988 the amount of funds flowing out of developing countries totaled \$43 billion. In the meantime, the foreign debts of developing countries skyrocketed to \$1,165 billion, compared with \$831 billion in 1982, the year when the debt crisis broke out.

In the field of trade, with the ever increasing application of new materials and new technologies in the industrial production of developed countries in the 1980's, there was a continuous shrinking of the export market for primary products and raw materials turned out by developing countries. In addition to this, developed countries took advantage of various factors to artificially cut the prices of primary products. Statistics show that during the 1970's the prices of primary products other than petroleum rose at an average rate of 11.3 percent annually in the international market. During the 1980's, however, the prices of primary products dropped by an average of 1.37 percent each year. As a result, there was an immense drop in the foreign exchange income of poor countries, which depend on the export of primary products. On the other hand, the prices of industrial products shipped to poor countries rose at an average annual rate of 4.11 percent during these 10 years.

During the 1980's, under the influence of the global economic structural adjustment, developed countries intensified the trade protectionist policy with increasingly strict restrictions on imports, especially the competitive products imported from the South. An example is the excessively low trade quotas imposed on garments and textile products from the Third World. On the one hand, industrial countries used non-tariff barriers to protect their domestic markets. On the other hand, they resorted to subsidies and other measures to have their products dominate the markets in other countries. This act, known as "super-protectionism" in the 1980's, was especially striking in dealing with agricultural products—a trade area of vital importance to developing countries.

Viewed from the internal situation in the South, the chief reason for the setbacks they suffered in economic development was their erroneous economic strategies and policies. For instance, Latin American countries once acted arbitrarily in borrowing money. Some African countries ignored grain production, which is closely related to their national economy and their people's everyday life. Problems still exist in developing countries, such as poor management and low economic returns from investment. Faced with these problems, many developing countries initiated reforms to varying degrees in the 1980's. Due to the very unfavorable external economic environment, however, their reforms have so far produced only limited results. It should be pointed out that economic development is quite uneven in the South, and economic interests are not identical among the countries. In view of this, the unity of developing countries in international affairs has yet to be strengthened.

Since the developed industrial countries moved out of the energy crisis in the early 1980's, the North has taken a harder stance in North-South relations than they did in the 1970's. In the negotiations held in Uruguay, the developed countries took a hard stand in such spheres as agricultural products, textiles, and technology transfers, which are most important to developing countries, thus bringing the North-South trade dialogue to a stalemate. During the decade, developed countries took advantage of favorable conditions with respect to international banking, markets, technology, capital goods, and grain supply to exert pressure on and divide developing countries, thus forcing the South to depend on the North to an ever increasing degree.

As can be seen from the present situation, the factors contributing to the widening of the gap between the rich North and the poor South cannot be wiped out for the moment. In the 1990's, developing countries should not be optimistic about the economic environment they face. On the other hand, however, countries of the South are playing an increasing political role, and potential exists for South-South cooperation. Viewed in this perspective, the economy of the South is still full of hope and has a bright future.

United States & Canada

Imprisonment Report Termed 'Fabrication'

OW2301105390 Beijing XINHUA in English
1037 GMT 23 Jan 90

[Text] Beijing, January 23 (XINHUA)—The recent report in THE WASHINGTON POST that 800 Chinese were sentenced to prison terms in recent months for "counterrevolutionary crimes" based on their involvement in last year's "democracy movement" is nothing but sheer fabrication, a senior Chinese judge said here today.

XINHUA interviewed the judge on THE WASHINGTON POST report sent from Beijing January 16.

The judge pointed out the writer of the report, Daniel Southerland, also fabricated the story that "about 10,000 people had been detained or arrested", and that "new suspects have been picked up."

The senior judge of China's Supreme People's Court especially pointed out that there is no truth in THE WASHINGTON POST statement that "a student in the northern city of Tianjin who posted an anti-government lampoon on a campus bulletin board last spring received a 10-year term in October."

The POST also said that "counter-revolutionary crimes under Chinese law are so broadly defined that the state can imprison people who have done nothing more than criticize the Communist Party or party leaders."

The judge said: "They have deliberately twisted Chinese law to say so, if they are not ignorant. Contrary to what they say, Chinese law has defined counter-revolutionary crime very precisely."

Under criminal law, only "acts endangering the People's Republic of China committed with the goal of overthrowing the political power of the dictatorship of the proletariat and socialist system" are crimes of counter-revolution. The law also specifies circumstances of counter-revolutionary crime to differentiate it from ordinary criminal cases.

The judge said thought is not a crime in Chinese law. Counter-revolutionary crime is not a crime of thought, and there is no such thing as dissent in Chinese law. Only those who conducted counter-revolutionary acts, such as colluding with foreign states in plotting to harm the sovereignty, territorial integrity and security of the motherland, plotting to subvert the government or dismembering the state, are regarded as counter-revolutionaries.

Meanwhile, a spokesman for the Ministry of Public Security said many of the 573 lawbreakers recently released had shouted against the Chinese Communist Party or the party leaders during the demonstrations last spring.

Most of the people who took part in the demonstrations have not been examined by the public security departments, he said.

Only a very small number of those investigated committed crimes with the aim of overthrowing China's socialist system. The intentions of most of them, especially students, were good but they had been deceived and used by a handful of bad people, the spokesman said.

Therefore, he said, the government's policy towards the investigated is to try to re-educate all those who can be re-educated, and to keep to a minimum the number of arrested and those sent to reform-through-labor centers.

Under Chinese law, public security departments can send law-breakers to reform-through-labor centers.

The senior judge of the Supreme People's Court said it is "sheer fabrication" for THE WASHINGTON POST to say that counter-revolutionaries were tried secretly.

He said that under Chinese law non-public trials are conducted only in cases involving national secrecy, private affairs, or in which the parties involved are under the age of 18. But the cases arising from the anti-government riots do not fall to this category, and therefore were tried openly.

He said trials of the cases arising from the riots must be conducted in accordance with the law and on the basis of fact. The courts must strictly differentiate crime from non-crime, and counter-revolutionary cases from ordinary criminal cases.

The judge stressed that the trial of cases arising from the riots is solely a Chinese internal affair, and foreigners have no rights to intervene.

He pointed out that because the Central Committee of the Chinese Communist Party and Chinese Government took resolute measures, China has retained its political and social stability. Hostile forces abroad are not pleased with this. They are also not pleased with the improvement in Sino-American relations. So they distort reality in China in an attempt to mislead the public. But facts are the most convincing argument. The public, including the United States, can draw correct conclusions from the facts.

Wu Xueqian Meets Stanford Professor

OW2301082890 Beijing XINHUA in English
0817 GMT 23 Jan 90

[Text] Beijing, January 23 (XINHUA)—Chinese Vice-Premier Wu Xueqian met American Professor Lawrence J. Lau of Stanford University here today.

Professor Lau came to visit China at the invitation of the Chinese Academy of Social Sciences.

Article Considers U.S. Economy, Defense Cuts

HK2201084790 Beijing RENMIN RIBAO in Chinese
17 Jan 90 p 7

["Economic Jottings" by Sun Yi (1327 3015): "Dual Influence of Cutting Military Expenditure on the U.S. Economy"]

[Text] As the world situation is changing from tense to relaxed, a sign of reducing the defense budget has also appeared in the United States. Recently, President Bush has drawn up a plan to reduce the defense expenditure in the next fiscal year by \$13 billion. Although this is an insignificant amount as compared with the total defense budget (accounting for a little more than 2 percent), it has still aroused the interest of many economists. They

optimistically hold that if military expenditure can be cut, more funds and labor will be shifted to the civilian sector of the economy, and the defense industry, with its sophisticated equipment, will also make contributions to civilian production. This will help lower the federal budgetary deficit, and will thus mitigate the pressure of demand for cash on the financial market and lower interest rates. So, a positive impact will thus be produced on the U.S. economy and its sustained and steady growth will be better ensured.

Some people use the approach of comparative economics to analyze the relationship between military expenditure and economic growth in the United States and Japan, and draw the following conclusion: For every 1 percent of GNP allocated for military purposes, the economic growth rate will be lowered by about 0.5 percent. In Japan, military expenditure accounts for about 1 percent of GNP; but in the United States, the proportion is 6 percent. The different proportions constituted by military expenditure in the two countries' GNPs mean that as long as other conditions are basically similar, Japan's economic growth rate will be 2 to 3 percentage points higher than that of the United States.

Other people use the approach of econometrics to develop a mathematical model and reach a more accurate prediction: Because a decrease in the budgetary deficit may lead to lower interest rates and vice versa, and because interest rates and exchange rates can also affect each other, if the U.S. defense budget is cut by 1 percent every year from 1989 to 1995, the federal government's budgetary deficit in 1995 will have decreased to \$63.8 billion from the present level of \$152.1 billion; and the deficit in the current account of the federal government can also be decreased from \$130 billion to \$33.6 billion.

Obviously, if the above predictions are truly scientific and prove to be accurate then cutting defense expenditure should be regarded as a "good remedy" for solving the two major knotty problems that are eating into the U.S. economy and for freeing the U.S. economy from the present predicament of low-speed growth.

However, it must be noticed that the U.S. economy has been developed on the basis of a high degree of militarization. Under such a special condition, cutting down on military expenditure may have some positive impact on economic growth, but may also bring about certain negative effects. In other words, in the United States, the measure of cutting military expenditure will only play a very limited role in boosting the national economy as a whole.

First, the defense industry has been developed to an extremely great extent in the United States and has become a major sector of its national economy. It is estimated that at present, about one-third of the enterprises in the whole country are related directly or indirectly to the production of armaments and military equipment. The defense industry accounts for about 20

percent of the country's total industrial production. For example, production and services for military purposes account for 80 percent of the aviation and astronautics industry, 60 percent of the ship-building and nonferrous metallurgical industries, 40 percent of the electronics industry, and over 10 percent of the chemical, iron and steel, petrochemical, air transport, and shipping industries. Obviously, the shrinking of the defense industry, which constitutes a major part of the national economy, will lead directly to disorder in the cycle of social reproduction. Of course, some necessary structural adjustments may follow in the domestic economy of the United States, but the present U.S. economic structure is already in a serious state of imbalance, so any further changes in the defense industry will present great difficulties.

Second, many major industrial enterprises in the United States are engaged in defense production. Such large companies as General Dynamics, McDonnell Douglas, IBM, Boeing, and Ford are the Pentagon's largest contractors. Defense production contracts bring hundreds of billions in business to these private enterprises every year. Therefore, military purchases constitute a major integral part of gross domestic demand. If the federal government reduces its military expenditure, the present insufficiency in gross social demand will be further worsened. Recently, some mass media in the United States openly pointed out that a large-scale reduction in military expenditure will deal a disastrous blow to armaments manufacturers.

The dual effects of cutting military expenditure on the domestic economy of the United States are not difficult to discover. In the long run, this will certainly be favorable to world peace and economic development, but the present special role of the defense industry in the development of the U.S. economy must not be neglected. Therefore, although the economic forecasts based on certain mathematical models show favorable prospects, no matter how accurate the calculations are, the actual results will still have to be contingent on the interaction of various political, economic, and military factors in reality, and even changes in other countries' economic policies and in the international trade and financial situation.

It must also be mentioned here that since World War II, the comparatively long periods of sustained growth in the U.S. economy have been precisely the periods of World War II, the Korean War, and the Indochinese war, in which the economy was propelled by increases in military expenditure, which swelled to an unprecedented degree. Moreover, in the first few years after the end of each war, the U.S. economy was bogged down in a standstill without exception. Therefore, it will never be easy for the United States to cut its military expenditure by a substantial margin.

Northeast Asia

Further on Zou Jiahua Delegation to Japan

Meets MITI, EPA Ministers

OW2201164890 Beijing XINHUA in English
1524 GMT 22 Jan 90

[Text] Tokyo, January 22 (XINHUA)—Visiting Chinese State Councillor Zou Jiahua and his Japanese hosts today expressed their desire to make joint efforts to restore and develop the long-standing friendship and cooperation between the two countries.

Their desire was expressed at a reception given by Japan's Association for the Promotion of International Trade to mark the 35th anniversary of the association's founding.

International Trade and Industry Minister [MITI] Hikaru Matsunaga and Director General of the Economic Planning Agency [EPA] Sumiko Takahara, as well as more than 600 people from various circles in Japan attended the reception.

At the reception, Yoshio Sakurachi, president of the association, expressed warm welcome to Zou, who arrived in Japan January 16 for a 10-day visit as an official guest of the Japanese Foreign Ministry and the association.

Reviewing the development of Sino-Japanese ties since the founding of his association, Sakurachi said the trade volume between Japan and China increased from dozens of millions of U.S. dollars 35 years ago to a record level of about 20 billion dollars last year.

Sakurachi, also former foreign minister and former secretary general of the ruling Liberal Democratic Party [LDP], stressed that "in order to develop bilateral economic interchanges in a sustained and steady way, the prime importance is that the political relation between Japan and China should be stabilized."

Zou's ongoing visit to Japan "represents the first tour by a Chinese leader to a Western country since the recent lifting of martial law in Beijing, which is attracting worldwide attention," he said, adding that Zou is the first Chinese leader to be invited to Japan this year.

"The development of Japanese-Chinese ties constitutes an essential factor to guarantee the stability and prosperity in the Asia-Pacific region," he said.

Sakurachi said his association will make "every effort to establish an unbreakable relationship between Japan and China, and to put into reality the bright prospects of the economic interchange between the two countries."

On behalf of the Chinese Government, Zou, also minister of the State Planning Commission, said, "the development of Sino-Japanese friendship and cooperation has not only benefited our two peoples, but also produced

positive effects to safeguard the peace in the Asia-Pacific region, as well as the world at large."

Zou said some recent difficulties and twists have appeared in Sino-Japanese relations, thus impairing the normal advance of bilateral relations. Such abnormality, which the Chinese Government and people are very unwilling to see, should be altered as quickly as possible, he added.

He said China is ready to work together with its Japanese friends from various circles to make joint efforts to restore and develop Sino-Japanese relations.

Zou Jiahua said that the Chinese Government and people will continue to strengthen the friendship and cooperation with Japan.

He said practice has proved that the Chinese policy of reform and opening up to the outside world is quite right and will never be changed.

In his speech, Matsunaga expressed his wholehearted welcome to Zou and his entourage, which includes vice ministers of several industrial ministries.

Japanese-Chinese friendship and economic and trade relations have made rapid progress since the normalization of diplomatic ties between the two nations in 1972, he said.

He said that Japan and China, as close neighbors, should work hand in hand and do their utmost to defend peace and stability in Asia and the world at large.

Speaks With Businessmen

OW2201165090 Beijing XINHUA in English
1601 GMT 22 Jan 90

[Text] Tokyo, January 22 (XINHUA)—China will continue to carry out its policy of reform and opening up to the outside world, no matter what happens in the world, visiting Chinese State Councillor and Minister of the State Planning Commission Zou Jiahua said here today.

Zou told a gathering of Japanese businessmen that China's economy is now in a period of adjustment—with rectifying and putting in order its economic activities and deepening the reform as its main tasks.

Because of government efforts to this end since September 1988, the economic situation is turning for the better, Zou said.

Zou, accompanied by a group of senior government officials in charge of economic affairs, arrived in Japan last Monday for a 10-day visit.

Zou promised that China will further improve the domestic environment for foreign investment.

He also said that China will strengthen administration over its foreign debt to guarantee repayment as scheduled. China's repayment of its foreign debt is guaranteed, he said.

Zou said that politically, China now needs a stable environment so that the country can concentrate on its socialist construction.

The lifting of martial law by the government on January 11 served to be a sign of stability in the country, he said.

China will continue to maintain its independent foreign policy of peace, develop friendly cooperation with all countries of the world on the basis of the Five Principles of Peaceful Coexistence, and expand economic and technological cooperation with countries of the world in accordance to the principle of equality and mutual benefit, he reiterated.

Zou stressed that China is willing to seek a stable and lasting relationship of friendly cooperation with neighbouring Japan on the basis of the China-Japan joint communique and the Sino-Japanese treaty of peace and friendship.

China would like to do its share in the joint effort with Japan to develop friendly relations between the two countries into a new stage, Zou said.

Earlier in the day, Zou met with Japanese Minister of International Trade and Industry Kikaru Matsunaga, former Prime Minister Noboru Takeshita, former Foreign Minister Shintaro Abe, and Masayoshi Ito, leader of the Japanese Dietmen's (parliamentarians') League for Japan-China Friendship.

Roundup Reviews Kaifu European Tour

OW2101225290 Beijing XINHUA Domestic Service
in Chinese 1219 GMT 19 Jan 90

[Roundup by XINHUA reporter Li Changjiu (2621 7022 0036): "A Heavy Burden in Conducting Economic Diplomacy"]

[Text] Beijing, 19 Jan (XINHUA)—After winding up his 11-day visit to Europe, Japanese Prime Minister Toshiki Kaifu returned to Tokyo on 18 January. Many commentators noted that this was an important economic diplomatic mission conducted by Kaifu in the hope of opening up more European markets for Japanese enterprises.

Kaifu visited Federal Germany, Belgium, France, Britain, Italy, Poland, and Hungary from 8 to 18 January, discussing with the leaders of these countries and the chairman of the European Communities [EC] the European situation and bilateral cooperation, particularly bilateral economic relations.

Since the mid-1980's, the West European countries' trade deficits with Japan have risen sharply. According to EC statistics, in 1988 the trade deficits of the EC's 12

countries amounted to \$22.8 billion, an increase of more than 1 fold over the deficit figure of \$11.1 billion in 1985. The 1989 trade deficits are expected to reach \$30 billion. During a talk with Kaifu on 10 January, (Taylor), chairman of the EC Commission, expressed his "disappointment" at Japan's unchanged "economic conduct." (Taylor) reiterated the EC's demand that Japan continue to automatically restrict the number of small automobiles exported to Western Europe after 1992. In a talk with Kaifu on 11 January, French President Mitterrand raised the question of Japanese "trade protectionism." He hoped that Japan would make efforts so that "it would no longer be a market that is difficult for the products of other countries to enter."

While expanding its export of commodities to Western Europe, Japan has also sharply increased its direct investments there. In 1985, the EC proposed that an internal unified big market be established before the end of 1992, in which there will be free circulation of commodities, labor, personnel, and capital without "boundary" restrictions. Up to now the EC has adopted many measures and taken various actions to realize this goal, and notable progress has been made in this respect. Worrying that a "European wall" might take shape after the formation of an internal big market within the EC, Japanese entrepreneurs are rushing to Western Europe to invest in or to set up plants there. According to statistics, Japan's direct investments in Europe have risen from \$2 billion in 1985 to \$10 billion in 1988. According to the statistics compiled by the Trade Promotion Association of Japan, the number of Japanese-funded enterprises in the EC member states increased from 157 in 1983 to 421 by January 1989. The association estimated that the number of Japanese-funded enterprises may rise to 500 by the end of 1989 or early 1990.

The objective of Japanese enterprises is to enter the EC and establish a firm footing as quickly as possible in order to enjoy the benefits of a free circulation of commodities, capital, etc., before the EC places any obstacle restricting foreign investors from setting up plants there. Guided by this idea, various categories of Japanese enterprises are actively making investments or setting up plants in Western Europe. According to a report, Japan's Honda, Nissan, and Mazda automobile companies have stepped up the construction of automobile manufacturing plants in Britain in order to expand the sale of Japanese automobiles in the unified big market of the EC. Japan's electronic companies such as Sony have also built plants in Western Europe to manufacture semiconductors and telecommunications equipment. About 200,000 square meters of real estate in Paris and its suburban areas have been bought by the Japanese, and they have bought nearly all the real estate in Dusseldorf, West Germany.

Japanese enterprises' aggressive offensive has increased the worries and concerns of West European countries. The main objective of Kaifu's recent visit was to stress the importance of strengthening Japanese-European

cooperation and to placate the leaders of West European countries in order to make sure they continue opening the door for Japanese enterprises.

The visit to Poland and Hungary is the first visit made by a Japanese prime minister to these two East European countries. A REUTER report said that East Europe is an unfamiliar place for Japan. Japan's investments in this region account for less than one percent of its overseas investments. Since the beginning of last year, drastic changes have taken place in the situation in Eastern Europe, and Japan has hoped to seize the opportunity and enter the markets of Eastern Europe, whose population exceeds 100 million. During a talk with Polish leaders, Kaifu said that Japan would provide Poland with economic assistance to carry out "an economic reform centered on restoring private ownership and developing a free market economy." Both sides signed three official documents. Japan promised to extend a loan of \$1.38 billion and to provide \$40 million in aid to Poland. However, no agreement was reached on some economic and technological items urgently desired by Poland. REUTER quoted Japanese merchants as saying that before entering East European countries, Japanese companies want to make sure that they can make profits.

Commenting on Kaifu's European visit, Japan's JIJ said that from the viewpoint of expanding the scope of Japan's diplomatic activities, the visit should be affirmed. Japan's MAINICHI SHIMBUN quoted Kaifu as saying that Japan's position on participating in building a "new order of international relations" has been recognized as a result of this visit. A member of the delegation led by Kaifu, in commenting on the specific achievements of his European visit, said that "the various West European countries have finally accepted our country's proposal on not isolating China." However, REUTER noted that Kaifu's European visit had not achieved all-round success because Japan's trade policy had been sharply criticized. A Japanese official said that "indeed, we are worried that trade problems between Japan and Western Europe will affect our efforts to conduct a sincere political dialogue." In a commentary, the Polish Press Agency PAP said that the "prudent Japanese have made no promises" on a series of concrete cooperation proposals raised by Poland. Therefore, the Poles "are disappointed" about this.

Article Views Japanese Firms' Investment

OW2001153990 Beijing BEIJING REVIEW in English
No 3, 15-21 Jan; 90 pp 23-25

[Article by staff reporter Han Guojian: "Kinescope Firm Highlights China's Investment Climate"]

[Text] Premier Li Peng, in responding to questions of Manfred Schell, the editor-in-chief of DIE WELT of Federal Republic of Germany, recently said: "In Beijing, there is a Sino-Japanese joint kinescope venture that took only 22 months to put it into production. All entrepreneurs who doubt China's favourable investment

environment are welcomed to visit this enterprise and have a look for themselves."

Premier Li Peng was referring to the Beijing-Matsushita Colour Kinescope Co. (BMCC) to which he had twice paid a visit. The company's total investment is 20.057 billion yen, each partner paying in 50 percent over a 20-year term. It is the biggest Japanese investment project in Beijing and as well a major overseas investment project for the Matsushita Electronics Corporation.

A Farsighted Move

China has in recent years become a big producer of TV sets. However, the domestic production volume of colour kinescopes falls short of demand and every year, the state has to import millions of colour kinescopes at a great cost in foreign exchange. The domestic production of colour kinescopes has thus become even more imperative.

Conforming to the government's industrial policy, Matsushita Electronic Corp. recognized the favourable prospects in the China market and decided to invest. Moreover, unlike many other joint ventures, which only register part of the investment capital and use bank loan for the rest, the BMCC registered all its capital. Thus, from the very start, the investors showed confidence in success of the venture as well as trust towards each other.

The Japanese investors have proven farsighted. Although it has only about 700 staff and workers, the BMCC has provided 140,000 21-inch plane and right-angled colour kinescopes to 18 Chinese TV set factories. From July 1, 1989, when the factory was put into production, to the end of the year, the total sales volume reached 91 million yuan and contrary to both the Japanese and Chinese investors' expectation, they were able to balance revenue and expenditure in the first year of operation.

At the official opening ceremony on November 24, 1989, General Manager Chikagoshi Ninagawa confidently announced that beginning March 1990, the company will change the current two shifts to three and expand the monthly production.

It is predicted that BMCC's annual production capacity of colour kinescopes will increase to 856,000 in 1990 and that 42 factories will make use of its products.

Preferential Treatment and Support

According to China's tax law, a joint venture is exempt from income taxes during the first two years after it begins to earn profit and turns over only half of the income taxes due between the third and fifth year. Since BMCC belongs to a high technology enterprise, it is further allowed to turn over only half of its due income taxes during the sixth and eighth year.

The Chinese Government offers not only preferential treatment in taxes to enterprises involving foreign investment, but also provides a variety of conveniences.

For example, from September 1984, when Yamashita Gen, director of the Matsushita Electronics Corp. first discussed establishing BMCC with Beijing Mayor Cheng Xitong, to July 1989, when BMCC began production, the Beijing municipal government gave considerable support to the project.

First, the municipal government asked for a ground space of 134,000 square metres for BMCC in the Jiuxianqiao area where the Beijing electronic industry is concentrated. Zhang Zhongwen, deputy manager of the company, said that such a good location is hard to find for ordinary enterprises and will be convenient source for BMCC's high quality workers.

Second, the municipal government appointed a cadre at the municipal level to take charge of the project and the Municipal Construction Committee and the Municipal Public Utility Committee respectively appointed a cadre for the project's corresponding work. They often gathered together responsible parties to solve problems, on-the-spot, which occurred during the project's construction. Thus many complications that might require two or three months to resolve were settled within a week. Because of such support, there were no delays from material shortage or a halt in the supply of water or electricity. The project was completed two months ahead of time.

Third, a group of technicians, backbones of the electronic industry, headed by Zhang Zhongwen, former director of the municipal electronics office, were appointed as partners to the Japanese investors. Most of them graduated from colleges in the 1960's; 25 are currently BMCC's section chiefs.

The Practices of Matsushita Management System

During negotiations, an honest co-operative relation was established between the Chinese and Japanese sides. When BMCC was officially set up on September 8, 1987, the front negotiators from both sides acted as the company's general and deputy managers and laid a foundation for further co-operation.

To ensure product quality and strengthen the company's competitiveness in world market, BMCC not only introduced Matsushita equipment and technology, but also the Matsushita management system. Professional titles, setup, production command system and day-to-day reviews are almost all from Matsushita. Therefore, although there are only seven Japanese in the company, including the general manager, five department chiefs and one department assistant, the Japanese feel as though they are working in Japan.

Zhang said because of different social systems and cultural backgrounds, Chinese workers inevitably feel somewhat uneasy under the new management system. In

those cases, said Zhang, the Chinese cadres in BMCC explain why workers should adapt themselves to discipline and schedules.

The core of the management system is the need to adhere to schedules, i.e. work must be done on time. There is to be no delay and no excuses are accepted for a disruption of plans. The best example of this rigor is the situation which occurred during the May-June disturbance when both Chinese and Japanese workers of the company continued their work as usual, a situation highlighted by the fact that on June 3 the first qualified colour kinescope was produced.

Huang Lide is the chief of the kinescope manufacturing section. He said that the Japanese general manager often dissolves certain quality problems and criticizes the relevant section chief. Talks are held once a day and can last more than a week until a solution to the problem is found. According to Huang, all the 25 section chiefs have received such talks. At first, all of them felt embarrassed, but realizing that the general manager was not personally against them but against poor quality products, they became accustomed to process. They have nicknamed the talks the "special reprimand."

Now, added Zhang, the Chinese workers have almost got to the strict demands and rigorous management and realize that this is how the modern industrial production is run.

Xu Qiong, a worker recently transferred to the company, said: "It's the first time that I've seen such efficient work and have felt such intense labour since I began work five years ago. There is no idleness and no disputes over trifles; it's a new world."

The practices of the Matsushita management system in BMCC has made the company the most efficient in Beijing's electronics industry. In 1989, the per capita output value reached 135,000 yuan. In November 1989, after inspecting the factory, the top advisor of the Matsushita Electronics Corp. showed his satisfaction by noting that BMCC is equal to other Matsushita factories in Japan. BMCC's production quality meets the standards of the US UL.

A Favourable Foreign Exchange Balance

A foreign exchange balance is of key importance to an enterprise using foreign investment if it is going to be successful.

At present, most of BMCC's raw materials and spare parts for the kinescope line are provided by the Matsushita Corp., a method that requires a lot of foreign exchange. Since 1990, although China is attempting to purchase domestic kinescopes with foreign exchange to replace purchasing imports (this will ease BMCC's problems in using foreign exchange), BMCC's decision-makers think that, in the long term, the problem will best be resolved by China providing its own raw materials and pushing its products into the world market.

For this, the company has advanced the 1992 export plan to 1990, according to Zhang. In June 1990, when the second production line begins operation, all 14-inch colour kinescopes will be exported. The relevant export licenses are now being developed.

The Beijing municipal government and the Ministry of Machine-Building and Electronics Industry are organizing the spare parts needed by BMCC. Zhang estimates that by about 1991, China will be able to provide most materials.

Regarding the factory's expansion, Zhang said that another assembly workshop will be built on some 40,000 square metres (according to the second construction plan), the production line for kinescopes above 24-inches started and preparations made for the founding of a colour TV production line using the Matsushita technology.

General Manager Chikayoshi likened BMCC to a vessel that, under the co-operation of Chinese and Japanese, is braving the wind and waves in its sail towards a fixed destination.

Group Demanding Japanese Reparations Banned

OW2001134090 Tokyo KYODO in English 1214 GMT 20 Jan 90

[Text] Beijing, Jan. 20 KYODO—A Chinese group seeking compensation from a major Japanese construction company for work they were forced to do in Japan during World War II has been banned, sources said Saturday.

The sources said Chinese authorities had banned the group because the issue of Japanese war reparations was settled in 1972 when the two countries normalized their relations with a joint communique.

Some 10 people formed the group in Beijing last December and sent a letter to the Tokyo-based Kajima Corp., demanding payment of a total of 4.93 billion yen for 986 survivors and bereaved members of families of those who were forced to work in a mine in northern Japan.

A total of 986 Chinese were brought in 1944 to a mine run by the company in Hanaoka, Akita Prefecture.

On June 30, 1945, some 700 Chinese workers rose against the company and fled the mine but all were arrested.

Geng Zhun, 75, a leader of the uprising, demanded the compensation, saying 418 Chinese workers died of ill-treatment before Japan's surrender on August 15, 1945.

There has been speculation that Chinese authorities banned the group because they fear the formation of any independent group and are suppressing anti-Japanese sentiment so as not to hinder investment from the West.

Science, Technology Meeting Held With Japan

OW2101154190 *Beijing in Japanese to Japan*
0930 GMT 20 Jan 90

[Text] The 5th meeting of the Sino-Japan Cooperation Committee on Science and Technology opened in Beijing on 18 January and closed on 19 January after both sides signed a meeting memorandum. At the meeting, the Chinese delegation headed by Wu Yikang, director of the International Cooperation Bureau of the State Science and Technology Commission, and the Japanese delegation led by Yusuru Kubota, minister of the Japanese Embassy to China in Beijing, explained the strategy and policies for developing science and technology in their countries, confirmed that cooperation between the two countries so far has brought about satisfactory results, and agreed to implement more than 40 new projects through cooperation between the two countries. China and Japan have been implementing more than 10 projects in the fields of agriculture, metallurgy, oceanography, meteorology, environmental protection, seismology, biology, material science, and astronomy.

Shanghai, Osaka Sign Cooperation Accord

OW2001094590 *Beijing XINHUA in English*
0838 GMT 20 Jan 90

[Text] Shanghai, January 20 (XINHUA)—China's Shanghai and Japan's Osaka, which are sister cities, signed an agreement on exchanges of activities in 1990 here today.

The exchanges cover fields of economy, trade, city management, urban development, environment protection, agricultural technology, medicine and youth activities.

The two cities became sister cities 10 years ago.

Roundup Views DPRK Reunification Proposal

OW2001141390 *Beijing Domestic Service in Mandarin*
0530 GMT 20 Jan 90

["Roundup" by station reporter (Guan Yanxun): "Please Open the Door to Reunification"; from the "International News and Current Events" program]

[Text] According to reports, the KOREAN CENTRAL NEWS AGENCY on 13 January published a letter sent by North Korea to the authorities and leaders of various political parties in South Korea, suggesting preparatory contacts in early February to lay the groundwork for a consultative conference between the authorities and leaders of various political parties on the two sides. The letter said: The first measure to be taken in opening the door to reunification in the 1990's is to dismantle the concrete wall on the southern side of the Korean military demarcation line. The North is ready to remove the wire fence on the northern side of the demarcation line at any time.

The new proposal for the removal of the concrete wall was first advanced by Comrade Kim Il-song, president of the Democratic People's Republic of Korea, during his New Year's message for 1990. He said: People from all walks of life in the North and South can travel freely, and political, economic, cultural, and other contacts can be opened up completely, only if the reinforced concrete wall installed by South Korea on the southern side of the military demarcation line is first dismantled.

It is reported that the concrete wall was erected by South Korea on the southern side of the demarcation line in the late 1970's. The structure is 5 meters high, 10 meters thick at the base, 3 to 5 meters thick at the top, and approximately 200 kilometers long. It virtually cuts the Korean peninsula in half. Since South Korea's erection of the wall, North Korea has consistently denounced the action as one deepening the division between the North and South, and has asked the South to remove the structure. In this, the first year of the 1990's, President Kim Il-song has called for knocking down the concrete wall to permit free travel and complete opening. The proposal is a new one, worked out in accordance with historical developments.

It is a well-known fact that Korea has been artificially divided into North and South for more than 40 years. During those long years, the Korean people have suffered separation from their relatives. South Korea's erection of the sturdy concrete wall in the late 1970's was like driving a steel knife into the hearts of all Korean people. To realize the national goal of reuniting families at an early date, the Korean people have issued increasingly louder pleas for national reunification. The Korean party and government, headed by President Kim Il-song, have made tremendous efforts toward the grand cause of national reunification by proposing many effective, feasible, and reasonable plans.

In recent years, North-South relations have shown encouraging signs of relaxation, and peace and unity have become major world trends. After assessing the situation, President Kim Il-song made a timely proposal for dismantling the concrete wall. The proposal conforms to the wishes of the Korean people. On 4 January, Yi Chong-ok, member of the Workers Party of Korea Central Politburo and vice president, issued a written statement describing the concrete wall as a symbol of national division and a disgrace to the Korean people. If the U.S. and South Korean authorities welcome the removal of all barriers symbolizing division and the realization of openness, there is no reason not to demolish the concrete wall on the southern side. No substantive progress can be made toward national reunification if the roads linking North and South Korea are cut off and free travel is completely banned. Only by permitting free travel and contacts between people from all walks of life in the North and South can long-standing mutual distrust be dispelled. Only then can national unity be achieved through joint efforts and a broad road

of independence, peace, and reunification be opened through the collective wisdom and strength of the Korean people.

It can be seen that North Korea has made active efforts for the grand cause of national reunification. If they really want reunification, the South Korean authorities should respond positively to the North's proposal and tear down the concrete wall, which is a barrier symbolizing division. They should also open the door to free travel so as to allow free exchanges, contacts, and reunions between people in the North and South. At present, all peace-loving nations and peoples are closely following the developments. They sincerely hope that the South Korean authorities will take concrete corresponding actions to open the door to reunification.

Near East & South Asia

Nepalese Prime Minister Meets Delegation

OW2201132190 Beijing XINHUA in English
1203 GMT 22 Jan 90

[Text] Katmandu, January 22 (XINHUA)—Nepalese Prime Minister Marich Man Singh Shrestha met a Chinese Government delegation led by State Councillor Chen Junsheng here Monday afternoon.

He welcomed the visit by the delegation to his country and expressed gratitude to the Chinese Government for its assistance to the Nepalese economy.

The two sides explored the prospect for expanding bilateral friendship and cooperation in a "cordial" and "friendly" atmosphere.

Chinese Ambassador to Nepal Li Debiao was present.

The 11-member Chinese delegation arrived in Katmandu last Saturday at the invitation of the Nepalese Government for a six-day official visit to the Himalayan kingdom.

Earlier, it called on Nepalese Foreign Minister Shailendra Kumar Upadhyaya, Finance and Industry Minister Bharat Bahadur Pradhan and Agriculture Minister Krishna Charan Shrestha. They discussed the possibility of boosting trade and other economic cooperations between the two countries.

State Rocket To Launch Third Arab Satellite

OW2101165690 Beijing XINHUA in English
1439 GMT 21 Jan 90

[Text] Amman, January 21 (XINHUA)—The Great Wall Foundation of China has won the bid to launch the third Arab satellite, Muhammad Shahin Isma'il, director-general of the Jordanian office of the Arab Organization for Satellite Communications (ARABSAT), announced.

In a statement carried by today's daily "AL RA'Y," Ismail said that the launching of the satellite is scheduled for the end of the year 1991.

Ismail made this statement upon his return from the January 13-18 meetings of ARABSAT experts and a two-day meeting of the ministerial committee of the eight-member ARABSAT organization in the Omani capital of Muscat.

Arabsat, a 400-million-dollar network which groups Oman, Kuwait, Saudi Arabia, Bahrain, Morocco, Iraq, Syria and Jordan, began operations in 1985. It has two satellites, A-A and A-B, in orbit.

RENMIN RIBAO on Middle East Peace Talks

HK2201120890 Beijing RENMIN RIBAO in Chinese
17 Jan 90 p 4

[Dispatch by staff reporter Lin Jiaoming (2651 4109 2494): "Can the Middle East Deadlock Be Broken?"]

[Text] Cairo, 16 Jan—One question was left hanging in the Middle East at the end of 1989: Can the foreign ministers of the United States, Egypt and Israel meet in Washington in January 1990, as scheduled, and arrange a direct dialogue between Israel and Palestine?

The second half of January has arrived and all that people have heard have been "steps on the staircase." The significant thing is that Washington has suddenly expressed "worry." Secretary of State Baker has warned that the five-point proposal will be blown apart if the Middle East deadlock drags on. Baker has stressed particularly, that the United States is occupied with much business, and that it "would not be responsible" for the stalling of Middle East issues.

Obviously, the secretary of state was furious, though he did not state explicitly the target of his fury. The only genuine, concrete step in the 1 year since the Bush Administration formulated the "small-step" in Middle East policy, has been the meeting of Egyptian and Israeli foreign ministers. However, despite such a small step, it has been subject to various interruptions and disruption. It was in his reluctance that Baker did not point out that it was Israel's Shamir that he was angry with.

The United States was fairly busy in the second half of last year and some achievements have, after all, been made; namely, the acceptance by both Israel and the PLO in principle, of "Baker's 5-point proposal." The meeting of U.S., Egyptian and Israeli foreign ministers represents only a preparation for Israel-PLO direct dialogue, itself being only a preliminary for the calling of a Middle East Peace Conference. To all appearances they are still miles away from a concrete resolution of the issues. But the Israeli prime minister has so far refused to "release the hunting eagle when no live rabbit is in sight"—unless and until the U.S. government makes a written guarantee, no PLO delegate—not even in an "indirect" form—will be allowed at any talks. Then,

Shamir farcically dismissed [Minister of Science & Technology 'Ezer] Weizman to demonstrate to Secretary of State Baker his "determination" not to engage in any dialogue with the PLO. In other developments related to the issue, Shamir has pursued a high-handed policy in the occupied territories, savagely shooting Palestinians, locking up an enormous number of innocent people, banning famous Palestinians from the area, keeping up with a policy of nibbling away the territory by moving vast numbers of immigrants from the Soviet Union into new settlement areas, and creating tension by stationing troops on the Egyptian-Jordanian-Israeli border, and the like. Baker has turned a blind eye and made no response to all these moves.

When the "Baker Proposal" was on the eve of meeting the same fate as the "Reagan Plan" and "Shultz Plan," Egyptian Foreign Minister 'Abd-al-Majid flew to Washington early this morning. The outside world has perceived that the Egyptian foreign minister is obviously on some unusual order as he canceled attendance of the Bagdad Foreign Minister meeting of Arab Cooperative Committee. And, 24 hours later at the most, Israeli Defense Minister [Yitzhaq] Rabin also arrived in Washington. Even people with little knowledge of the background realize the talks this time between Baker, Majid and Rabin will be "vital," to whether the "Baker Proposal" will "blow past like a cloud" or "more or less find a footing."

This is the biggest irony. Now not only the meeting of U.S., Egyptian and Israeli foreign ministers to promote PLO-Israel dialogue, but the existence of the "Baker Proposal," are hanging by a thread.

From Baker's putting forward the proposal, through its acceptance in principle by the PLO and Israel, to the stage where even Baker himself has come to doubt the viability of his proposal, the process allows people to again see the fatal flaw in U.S.-Middle East policy. Though compared with Reagan's, the Bush Administration has shown flexibility and transcendence in Middle East problems, there are limits to this flexibility, confined as it has been within the scope of the original peace plan. The partiality for Israel is still there. About 10 days ago, over 40 U.S. citizens demonstrated in front of the U.S. Consulate in East Jerusalem questioning the Bush Administration on the reason U.S. taxpayers spent an annual \$2 billion or more on an unyielding government which refuses to respond to U.S. actions? This is an old question which the past several administrations have not been able to answer.

At present the world situation is rapidly changing. The degree of impact and the kind of influence of the Middle East region, as a wing of the now turbulent Europe, are being closely watched and analysed by Israel and Arab countries. Many people believe that, in the foreseeable future in the 1990's, there will be a more unified and coordinated Arab camp; while some analysts in Israel predict that the Soviet power is retreating from the Middle East and Israel would only benefit from closer

relations with East European countries, which is reportedly a cause for Shamir's arrogance. However, some perceptive Jewish experts have pointed out that, with the rising importance of European problems, which relatively lower Middle East interests to the United States, will there not be a change in Israeli significance to U.S. strategy? People such as Rabin and Weizman, when they have done their analysis, would not want to miss the opportunity for direct Israeli-PLO dialogue. Sources say that Rabin has agreed that there can be two delegates from outside of the occupied territory in the 10-Palestinian delegate team, on the condition that the United States ceases dialogue with Palestine. Here we can see that, in the Middle East peace affairs, Israel is either complicating things or quoting a surprisingly high price.

Where does the exit from the Middle East stalemate lie? This will not only be an important topic of discussion between Baker, the Egyptian foreign minister and Israeli defense minister, it will also probably be a thorny issue for the Bush Administration, inasmuch as it is much concerned about the situation in Europe.

Sub-Saharan Africa

ANC's Sisulu Praises 'Stable' Relations

OW2001095790 Beijing XINHUA in English
0856 GMT 20 Jan 90

[By Jiang Xianming]

[Text] Lusaka, January 19 (XINHUA)—Veteran fighter of the African National Congress (ANC) Walter Sisulu today highly praised Sino-ANC relationship and its promotion of the ongoing struggle against apartheid.

Speaking at a luncheon hosted by the Chinese Ambassador to Zambia Zhou Mingji at the embassy here, the former ANC secretary general said the relationship between China and the ANC remains stable and continues to develop.

"We have learnt a great deal from various Chinese leaders in their struggle," Sisulu said.

He thanked the Chinese people for their consistent support to the just cause of the South African people against apartheid.

The veteran freedom fighter, who visited China some 37 years ago, said "I hope one day I'll be able to go to China again to climb the Great Wall."

He hoped the relationship between the Chinese people and the ANC and the people of South Africa will grow stronger.

Ambassador Zhou addressed Mr. and Mrs. Sisulu and other freedom fighters, including ANC Secretary General Alfred Nzo, by stating that the ANC has a glorious

tradition in its struggle against apartheid despite brutal suppression by the racist regime.

The Chinese party, Government and people will, as always, continue to resolutely support your just struggle for a united, democratic and non-racial new South Africa, he said.

Mr. Sisulu and seven other freedom fighters arrived in Lusaka on January 15 for a one-week working visit with ANC exile leaders to discuss South Africa's future.

Tian Jiyun Meets Mauritian Commerce Delegation

*OW2001113190 Beijing XINHUA in English
1048 GMT 20 Jan 90*

[Text] Beijing, January 20 (XINHUA)—Vice Premier Tian Jiyun met Dwarkanath Gungah, minister of commerce and marine of Mauritius [name and title as received], and his party here today.

Tian said that Mauritius has its own advantages in the economic development such as its crop-growing and tourist industries. At present, there exist great possibilities for China and Mauritius to expand their trade and cooperation.

The Chinese vice-premier said, "The trade between the two countries is based on two tracks, import from and export to each other, and the basic point for China to develop its trade and cooperation with other countries is equality and mutual benefits."

Gungah expressed the hope that the trade and cooperation between Mauritius and China would grow and wished China to make progress in all fields and become stronger.

Arrived on January 18, Mauritius guests are here to pay a week-long good-will visit to China at the invitation of the Ministry of Foreign Economic Relations and Trade.

Togolese President Receives Departing Ambassador

*OW2001082190 Beijing XINHUA Domestic Service
in Chinese 1326 GMT 1 Jan 90*

[Text] Lome, 18 Jan (XINHUA)—In meeting with outgoing Chinese Ambassador Li Peiyi here today, Togolese President [Gnassingbe] Eyadema expressed satisfaction with the extent of his country's cooperation with China.

During the cordial and friendly conversation, President Eyadema expressed the belief that Sino-Togolese relations will develop further.

Speaking of his visit to China last April, Eyadema said the tremendous changes in China had left a profound impression on him. He applauded the achievements China has recorded in carrying out economic reforms and in opening to the outside world in the past decade.

East Europe

Summary of Polish Cooperation Talks Signed

*OW2301071290 Beijing XINHUA in English
0649 GMT 23 Jan 90*

[Text] Beijing, January 23 (XINHUA)—A summary about the fifth session of the China-Poland Governmental Commission for Economic, Trade and Scientific and Technological Cooperation was signed here today.

Signing the summary were Huang Yicheng, commission chairman of the Chinese side and minister of energy resources, and Jan Janowski, commission chairman of the Polish side and vice-chairman of the Council of Ministers and head of the Office for Scientific and Technological Progress and Implementation.

During the session, which was held between January 16 and 23 in Beijing, the two sides expressed their satisfaction over the development of the bilateral economic, trade, scientific and technical cooperation, and held that there were great potentials for such cooperation.

The two sides agreed that the bilateral trade volume should be expanded through various ways, such as cooperative production, cooperative management, and the setting up of joint-ventures.

The Polish delegation is scheduled to leave here today.

Political & Social

Papers Feature Loyal Student, Teachers

Article, Report Recommended

HK1501100290 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 15 Jan 90 p 1

[Article by the Editorial Department: "Recommending a Good Article and a Good Report"]

[Text] This editorial department earnestly recommends a good article and a good report to the readers today.

This article is entitled "Socialism Can Save China." The author of the article is Wen Di, a Chinese student who is pursuing a doctoral degree in the United States. Written in a lucid style and based on strong argument, this article discusses socialism as a historically inevitable road for China and expounds on the necessity of upholding the CPC's leadership. We feel that the author's point of view is correct and his writing style is fine. He has requested that we publish his article in RENMIN RIBAO Overseas Edition. But we have decided to publish it on both the domestic and overseas editions as we believe it can also be an inspiration to our readers at home. As this is a lengthy article, we are going to break it into four parts and publish it in four days, and we will print the whole article into a booklet later.

The report we are going to recommend is a feature entitled "Hope Is Placed on This Young Generation," which was carried in BEIJING RIBAO on 4 January and written by a reporter and a correspondent of the newspaper. (RENMIN RIBAO Overseas Edition on 6 January reprinted this report on page 4) The report is about the good deeds of a group of outstanding young teachers at the Beijing University of Polytechnics. These young teachers, some trained at home and the others abroad, are all outstanding ones of their generation. They have one thing in common, that is, everyone of them has shown a spirit of utter devotion and made many sacrifices, in the hope that the motherland will prosper as soon as possible. This is a really moving report. For this reason we decided to reprint it.

The above-mentioned article and report show us an extremely important fact: Our young people are hopeful and our country is hopeful. The young generation is the future of the motherland, and we place our hope on a young generation of patriots and Marxists. Now some people abroad are placing their hope of "peaceful evolution" of China in our fourth generation. So let them see how well this Chinese student has written and how well our outstanding young teachers have done in response to their wish. We can say with full confidence that there is no lack of successors to carry on our cause, and neither our third nor four generations will cross over to capitalism through "peaceful evolution." The socialist cause is a just cause, and a just cause is bound to win. Socialism has struck root in China and is bound to be carried on from generation to generation.

It is true that some young comrades who lack a deep understanding of socialism have failed to stick to a firm stand and have displayed various shortcomings. However, as the old saying goes: "It is the teacher that is to be blamed for poor performance of his students." We cannot lay the blame solely on young people who have scanty experience with life, and their failure should be attributed to the insufficiency in education and training that society has offered them. That is what Comrade Deng Xiaoping meant in saying that our greatest mistake is in education. All of us, including this newspaper, have overlooked the field of education. This is a dereliction of duty on the part of this newspaper as the party's mouthpiece. The top priority for young people, especially young students, is to study. Young people in China are reliable, lovely, and promising. So long as all of us attach importance to education for young people, they will certainly sacrifice everything to the country's prosperity, to the people's well-being, and to the future of our socialist motherland, as their predecessors did in the past.

It is never too late to mend. To mend our faults, in the future we at RENMIN RIBAO will devote more efforts to positive propaganda and more space to reports that are educational to our readers, especially young readers. As a beginning of our efforts, we sincerely recommend the above-mentioned article and report to you.

Part One of Article

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EDITION in Chinese 15 Jan 90 pp 1, 4

[Article by Wen Di (5113 6611): "Socialism Can Save China"—part one]

[Text] Abstract: 1. What historic period is China in now?
2. Has socialism failed in China?

3. Only the CPC can lead China's socialist construction and reform

4. Building of socialist democracy also constitutes a process

Conclusion [end abstract]

The year 1989 was a special one: The great French Revolution, which exerted a far-reaching influence on the progress of world history, took place 200 years ago. World War II, which brought great suffering to the people, broke out 50 years ago. The slogan of "liberty, equality, and fraternity" raised by the great French Revolution was the spark of ideals of the capitalist society. It was the founders of scientific socialism who exceeded this limitation and proposed a better blueprint for social change. How could two world wars break out in a span of less than 20 years on this tiny planet dominated by capitalism? Undoubtedly, this question gives all the people with good intentions much food for thought. Although the world is advancing toward detente rather than cold war, statesmen of insight will never forget the valuable lesson drawn from these two extremely tragic massacres.

Not long ago, some people in China who called themselves political "elites" enlightened by the spirit of the great French Revolution and the May 4th Movement launched a campaign aimed at ending China's socialism and rebuilding capitalism. All of a sudden, some young students and social personages went to the streets, creating turmoil which spread from Beijing to all parts of the country. The slogans of overthrowing the government and the Communist Party emerged and it seemed that some people went hither and thither to establish a new government. Whither goes China became a pressing, realistic question. Does China really need turmoil to effect a dynastic change? What consequences will turmoil bring to China? When people were worried about China's future development, the Chinese Government ended the turmoil with the suddenness of a thunderbolt. There is no completely safe plan in the world. For the stability of the state, the Chinese Government adopted measures that could also be adopted by other governments in the face of such a situation. Things did not develop as anticipated by the "elites." This gives those who are not willing to see China once again thrown into turmoil much food for thought.

Is China's fate hanging in the balance?

Is turmoil necessary to effect a dynastic change in China?

Has socialism failed in China?

Is it true that the CPC can no longer lead China's construction and reform? Must it be overthrown?

In a word, whither goes China? This is our question.

These questions are unavoidable for China, which is still in a period of social change. Like specters, they will linger in the minds of people, intellectuals in particular.

Instigated by the wrong leadership and bad elements 23 years ago, young intellectuals in China were involved in an extremely leftist disturbance. Led by the political "elites," a number of students have stirred up an ultra-rightist disturbance in recent years. Both disturbances have gone to extremes. Although they reflect the call of young people who were filled with national anxieties, it is not a manifestation of their maturity. Young intellectuals' pursuit for their ideals commands admiration. However, they lack a rigorous scientific approach and a correct method required for realistic ideals.

Beginning with the ancient Greek philosopher Plato, freedom has been regarded as subordination to laws. However, it is no easy job to understand laws from the extremely complicated social phenomena. There are different comments on many major historical events. Although two centuries have elapsed since the great French Revolution, we cannot yet find a unified assessment on the issue. There may also be different views on the disturbance stirred up not long ago. The Koumintang authorities spoke highly of the turmoil, believing it to be a "new chapter added to the annals of freedom and democracy." They probably saw the hope of "recovering the mainland" from the disturbance. History is usually more tortuous and complicated than people's imagination, and sometimes it embarrasses people. History is also open. Sometimes, the influence of a historic event

may be manifested after many years. If the dream of the political "elites" to overthrow the Communist Party and rebuild capitalism had come true, we may have to rewrite the whole modern, contemporary history of China.

Let us return to the questions mentioned previously. If we cannot reach a common understanding of these questions and if we lack effective regulations and measures to resolve these differences, turmoil may occur again.

1. What historic period is China in now?

The appraisal of the situation by the political "elites" is self-contradictory. When they consider themselves participants of reform and opening up, they cry for defending the achievements of the decade-long reform and preventing some people from destroying the achievements of reform, as if the progress made over the decade solely belong to them. But when they want to enlist support from the students, they draw a sensational picture: Prices are soaring and the masses are living in dire poverty; official profiteering is running wild under autocratic rule; people with lofty ideals are wandering aimlessly abroad, loyal officials are thrown to prison, and the fate of the Chinese nation hangs in the balance... If all this is true, how can we talk about the achievements of reform? They attempt to deceive the public with frightening words, as if the Chinese nation will be thrown to hell beyond redemption if we ignore their advice. This dual tactic is certainly not an example to be followed.

Let us see what historic period China is in now.

As early as in 1971, former U.S. President Nixon delivered a noted speech in Kansas City. He pointed out that there were five powerful economic entities in the world, including Western Europe, Japan, China, the Soviet Union, and the United States. "These five powerful economic entities will determine the prospects of the economy and adopt various means to affect the future of the world in the last three decades of this century because economic strength is the crux of other factors." Nixon was probably the first U.S. president to realize that China is one of the strong powers. As a matter of fact, China did not have sound economic strength at that time. Even when we have now quadrupled from that base, we are not yet powerful. Our power lies in maintaining a growth higher than that of the Western capitalist countries during these years, which gives us hope to catch up with and surpass them. Undoubtedly, Mr. Nixon had realized this trend at that time. Regardless, this trend has been maintained.

There are none among the enthusiastic patriotic students going to the streets who do not want the country to develop rapidly. The government has no conflict of fundamental interests with most of the people who took part in the student unrest. How could the event develop to an extent difficult to clear up? This question merits attention. The frequency of turmoil experienced by the Chinese nation in this century is seldom in world history.

Since the downfall of the Qing Dynasty, turmoil or wars continued and the state could not maintain stability until the founding of the PRC. In the 40 years under CPC leadership, there have been no civil wars. Although the population doubled, the majority of the people could at least have enough to eat and wear. The rapid strengthening of national power is obvious to all. The title "Chinese" was not glorious before the establishment of the Republic. President Roosevelt was fond of using the term "Chinese" to blame those stupid, retarded personnel. The title "Chinese" gradually had some dignity following the Korean war and China's possession of the atomic bomb. According to the social Darwinists who maintain that only the best should survive, the Americans should never be defeated by the retarded and the retarded should never possess A-bomb. If history could be reversed to let the leaders of the student unrest have the opportunity to receive a "reward" granted by Roosevelt or let them witness two Japanese Army officers "competing" with each other on a Nanjing street, killing more than 100 Chinese people at a stretch, they would probably understand the historic value of the birth of the People's Republic declared by Mao Zedong at the Tiananmen rostrum and not impatiently try to replace it with the Taiwan or American style republic. No matter how many mistakes the Chinese Government has made in leading the country over the past 40 years, China has genuinely won independence and unity, and has become one of the strong powers in the world; the Chinese people have gradually attained dignity and their standards of living have improved markedly in 40 years. If you want to overthrow such a government, you must provide exposition and proof. Those who rely on the fabrication of shocking rumors will eventually accomplish nothing.

It is true that the gap between China and developed Western countries has been gradually widened. Before the Industrial Revolution, China's productive force level was close to that of Western countries. However, in the two centuries between 1750 and 1950, the gap in the GNP was widened nearly 100 times. For example, China's per-capita share of iron and steel was merely 2.5 kg in 1952, and it has narrowly exceeded 54 kg only recently; but the United States' per-capita share of iron and steel had already reached 350 kg by 1920. Such a longstanding gap cannot be closed in a short time. Therefore, in terms of economic standard, ours is only a second-rate country, or a regional power. In terms of standards of living, ours is a low-income country. A long time ago Chairman Mao Zedong called for rooting out poverty in China. It seems that his wish has not yet been fully realized today. Such being the case, China needs a stable environment. Only through constant, steady, and rapid growth will we be able to narrow the gap between China and developed countries; to finally build up, after several generations' efforts, a new Chinese cultural circle which incorporates all the world's latest scientific and technological achievements; and to fulfill the magnificent goal of catching up with the West that Dr Sun Yat-sen put forth decades ago. Only then will we be able

to be fully proud of our identity as Chinese. But how can we develop such an environment of perpetual political stability? This is no doubt one of the most serious challenges to the Chinese people as well as Chinese thinkers and politicians. History does not offer many opportunities. If we do not sense them, seize them, and treasure them, we will miss them forever.

No matter how poor China is for the time being, as compared with the situation 40 years ago, the Chinese people are now standing at a new starting point on the eve of a great development. Now we can produce 1 billion metric tons of coal and 60 million metric tons of iron and steel a year; this means that our annual industrial output value today is even higher than the total industrial output value of the entire 1950s. I am not saying that China is not facing a problem nor that the Chinese Government has never committed any mistakes. But one can hardly convince others if one misinterprets the present situation in China, arguing that "the Chinese nation is now at a most critical moment." The difficulties that China is facing today are difficulties in the course of progress. The Chinese people are fully confident that they can do an even better job in the 1990s. One of the important reasons to support this argument is that China has experienced many twists and turns in the past 40 years. If we can draw lessons from our experience, it may turn out to be a great wealth for us. Although our Chinese nation is an old nation, it has no experience in building a modern country. Neither our people nor our state leaders have experience in this respect. In reform we follow the principle of "sounding the river while going along," for any careless action may cause great chaos. The recent turmoil has inflicted irreparable losses on both the country and those who took part in the student movement. And, needless to say, it did not bring those political "elites" any of the benefits that they had expected.

The next 3 or 4 decades will be of crucial importance to China. China badly needs to promptly become powerful so that it can readily cope with all kinds of unpredictable risks and challenges. The Chinese people's standard of living also need to be promptly improved. And the key to the fulfillment of these goals lies in the maintenance of general political stability. All political and economic reforms must be carried out on the precondition of general political stability. If all the Chinese people, especially the intellectuals, can pool their wisdom based on the following common political understanding—it is necessary to make every effort to improve rather than overthrow China's socialist system and thus avoid any upheaval which may involve a tremendous price—then there is no doubt that China's future development will be very hopeful.

However, if the Chinese intellectuals choose to accept other political programs that are aimed at overthrowing the present political regime and rebuilding capitalism in China, then China will possibly be disturbed by massive or minor turmoil in the future and will not be able to concentrate its resources on economic construction, or it

will even suffer from tragic civil wars like what it experienced in the first half of this century. Even if we assumed that those political "elites" who are claiming to be "democracy fighters" were lucky enough to rise to power after a great upheaval, establish a government, and introduce their "national salvation program" characterized by the restoration of private ownership, they would certainly be pinned down by numerous economic, political, and social problems, and they would find it impossible to mend the losses caused by a massive upheaval that might even include a civil war. Most of those political "elites" known to us are intellectuals who claim themselves Westernized. They do not know China's national conditions and they lack real knowledge of social life. Perhaps for this reason, they overestimated their force. At last they took such radical actions as to embark on political adventure, and thus led the student movement into a blind alley as to clash with the state machine.

To those political "elites" who believe that China will be hopeless without restoring capitalism, the downfall of the CPC and the Chinese Government is the prerequisite for political reform in China. They have a clearly defined political goal—to overthrow the existing state apparatus or to "awaken the public" at the expense of students' lives. Students are nothing but the material force serving to fulfill their political goals. So the contradiction between those "elites" and the government is uncompromising. On the part of the students, the tragedy is that they did not accept the political program aimed at overthrowing the CPC and restoring capitalism; on the other hand, they failed to cast off the political "elites" influence. So the final outcome of the event is contrary to their original expectation. Actually the students' political goal should and can be fulfilled through the gradual perfection of the socialist system. China needs constructive, rational, well-meditated, realistic, wise, and comprehensive ideas and operations. We badly need to reduce destructive, shallow, reckless, passionate, rash, and lopsided imagination and actions. China has experienced too many massive upheavals, and it needs no more upheaval. This is the most important common understanding that every patriot should draw from the retrospection on the present situation.

Part Two of Article

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[Article by Wen Di (5113 6611): "Socialism Can Save China"—part two]

[Text]

2. Has Socialism Failed in China?

Those who maintained rebuilding capitalism in China set forth the following argument long ago: Socialism has suffered total failure in China. Based on this arbitrary argument, sometimes they are worried about China's future. If this argument is regarded as a bold hypothesis,

there are almost no articles cautiously proving this argument. The open policy has enabled many young people to witness for the first time the unbearably wide gap between East and West. Following their surprise and feeling of shame, however, very few people have earnestly made an analysis of the origins and roots of this gap. Controlled by such non-historical sentiments, the socialist system has become a scapegoat, as if all problems can immediately be resolved with the reestablishment of capitalism. True, if socialism had always been an obstacle to the development of social productive forces, its existence would have been worthless long ago. Fortunately, because socialism has been practiced in the Soviet Union and China respectively for decades, the question can be answered with real figures rather than getting bogged down in a vain theoretical debate.

Let us first take a look at the situation in the Soviet Union. To avoid drawing conclusions impetuously, it is necessary to view history horizontally and vertically. It will be unnecessary to continue the debate on the question once we understand that socialism was established first in the relatively poor countries or in the countries constituting weak links in the chain of imperialism, as described by Lenin. There is still a wide gap between the national power of the Soviet Union—the first socialist country—and the United States. According to figures issued by the Taiwan authorities, the per-capita total value [zong zhi 4920 0237] of the United States and the Soviet Union in 1985 was \$14,090 and \$6,350 respectively. The total value of the Soviet Union was only half that of the United States. If the ratio of 8 to 1 between the two countries in 1914, when World War I broke out, is taken into account, however, we cannot generally draw the conclusion that socialism resulted in slow economic growth and stagnation in the Soviet Union. Prior to the October Revolution, Russia's productive forces lagged behind other European powers. In 1910, Russia turned out 3 million tons of iron and 25 million tons of coal, lagging far behind the 10 million tons and 250 million tons in Britain and 15 million tons and 150 million tons in Germany, not to mention the figures of the United States. World War I and the civil war following the revolution seriously undermined Russia's economy. As a result, the country resumed the level of 1913 by the year 1928. Following the two 5-year plans carried out by the Soviet Union in the 10 years from 1928 to 1938, the gap in the per-capita industrial level between the two countries rapidly narrowed from 8:1 to 4:1. The manufactory output of the Soviet Union increased by 750 percent in the 12 years from 1926 to 1938, and the growth was indeed striking. Meanwhile, the United States was in a state of economic depression. It took a whole decade to resume the level of 1929, the reason partly being the outbreak of World War II. Young people today do not know about the miracle created in the world's economic history by the people of the Soviet Union at that time. A Western scholar commented on this recently: "Manufactory output and national income of the Soviet Union grew so rapidly that there is indeed no precedence in the history of industrialization even when the figures are

calculated conservatively." No matter how many mistakes Stalin made at that time, the rapid growth in the Soviet Union in the 1930's was real. Without the rapid growth, it would be hard to imagine the decisive victory won by the Soviet Army against the German fascists during World War II. In 1950, the economic strength of the Soviet Union reached the sum of those of Britain and France and approached one-third of that of the United States. Hence, the situation of two superpowers gradually appeared. The Soviet Union's economic development slowed down in the 1970's, that is, the later period of Brezhnev leadership. Its economy, agriculture in particular, encountered grave difficulties. The difficulties were partly due to the huge military spending. Now the Soviet people are undergoing reforms. Let us wait and see whether they can extricate themselves from the current difficulties. Nevertheless, it is indisputable that socialism turned the Soviet Union from an underdeveloped country into an industrialized nation. The U.S. economy is not free of problems. Let us take a look at the deficits and debt of the U.S. Government. The deficit of the U.S. Government in 1985 amounted to \$202.8 billion and the current national debt totals around \$3 trillion. Unless this trend is reversed, the national debt of the United States may be as high as \$13 trillion by 2000, including an annual interest of \$1.5 trillion. The gap between the rich and the poor in the United States is the widest among the industrialized nations. One-third of the poorest people in the U.S. are not even interested in exercising their right to vote. At least 300 years have elapsed since the establishment of capitalism in the world and it is still advancing in the course of overcoming its crises and difficulties. Following World War II, the rapid development of science and technology has accelerated the world's economic growth. The changes in class structure and improvement in people's living standards have eased many problems of capitalist society. Since its birth decades ago and with social ideals loftier than those of capitalism, socialism has developed in the course of the struggle with capitalism. Who can prove that socialism is at the end of its rope?

Now let us return to the situation in China and see whether socialism can save China. China is a developing country and its industrial development in 1952 was actually lower than that of Britain in 1860 and Germany in 1890, and approached the level of the Soviet Union in 1910. China's steel output totalled 1.35 million tons in 1952, while that of Japan reached 7 million tons in 1938. It is very important to acquire a clear understanding of our starting point. In his book "The Condition of the Working Class in England," published in 1848, Engels accurately described the miserable life of the workers in England at that time. The average per-capita level of China's industry in 1952 was equal to Britain during the period of its industrial revolution at its peak, that is, the later period of the 18th century. Although this embarrasses every descendant of the Yellow Emperor, we cannot evade the fact. This period was actually one of a primitive accumulation of capital in capitalist society. If

we turn back to develop capitalism, the miserable scene described by Engels is bound to reoccur.

Among the young students who have never suffered from starvation and among the young lecturers who try to negate the achievements in China's economic development without any ill will, perhaps very few know about the starting point of New China. Some have even forgotten the suffering of the Chinese people from imperialist aggression after the Opium War. Some greatly admire the highly developed material civilization of Western Europe, Northern Europe, and North America, but they do not understand it was achieved in 2 or 3 centuries, including the bloody colonial plunder and unjust wars. Hence, to make an objective, fair appraisal of the achievements of China's economic development over the past 40 years, we must know the starting point of our Republic. The starting point of our Republic was the worst even among the Third World countries. For example, India had more than 50,000 km of railways in 1914, but China had only 22,000 km. Figures provided by the World Bank show that China's growth is higher than our neighbor India as well as other developing countries. China's growth from 1863 to 1984 was 2 to 3 percent higher than that of India. India's growth, which outstripped that of Taiwan and Japan from 1980 to 1985, was not too bad.

Let us now make a comparison of the industrial development of India and China. Figures provided by the U.S. Central Intelligence Agency indicate that the average growth of China's industrial production in the 20 years from 1965 to 1984 was 8 percent higher than that of India. Even during the difficult period of the "Cultural Revolution," China's growth reached 10 percent—far higher than India's, which was under 4 percent. So long as we patiently conduct a study of foreigners' estimates of China's economic development, we have no reason to say that socialism has failed in China. Statistics offered by the World Bank also indicate that from 1950 to 1978, the total value of the industrialized countries, excluding Japan, increased five fold, but that of China rose fifteen fold. Because of this, China's current average per-capita total value reached the level of Britain and the United States in 1900. In other words, in the past 40 years the Chinese people traversed the road the British did in 100 years or so. At least we say that China's growth is fastest among developing countries with a population over 100 million.

Undoubtedly, the CPC has made serious mistakes in handling some major political and economic issues in the past 40 years. If it was not for these mistakes, China's growth would have been faster. Nevertheless, would it not be too harsh to demand a country not make any mistake in the course of its industrialization? We might as well observe the problems emerging in some Latin American countries. At one time, Mexico almost reached bankruptcy. Foreign debts contracted by some countries have become their heavy burden. For example, Brazil's foreign debt totals \$100 billion. Problems have cropped up in these countries, which have capitalist experience as

well as the support of the developed capitalist countries, let alone with the socialism carried out in China, a poor and backward country with deep-rooted feudal practices, under the conditions of external blockades, isolation, and even hostility.

Can we apply Taiwan's economic development to prove that the mainland has been thrown into chaos by developing socialism? There is indeed a wide gap between the economic development of the mainland and Taiwan. According to figures provided by Taiwan, the average total value of the two places in 1985 was \$290 and \$3,140 respectively. In other words, the mainland could only reach the level of Taiwan in the 1930's. Taiwan had many favorable conditions for its rapid economic development: First, in the 50 years of its occupation of Taiwan, Japan laid a solid foundation for Taiwan's economic development, such as repairing railways and building ports and schools; even the geological maps left by the Japanese are still applicable. Second, the large amount of military and economic aid offered by the Americans. Third, the large amount of capital carried by the Kuomintang [KMT] when it fled to Taiwan. Fourth, the experience accumulated from 20-odd years of KMT rule over China and lessons drawn from its failure; land reform introduced in Taiwan serves as an example. Fifth, advantages taken from the Korean and Vietnam wars, which stimulated its export-oriented economy. Sixth, advantages gained from joining the economic system of the capitalist world. Seventh, military protection offered by the United States. Eighth, Taiwan's special topographical position. Of course there are also other favorable conditions. These conditions cannot be obtained by the vast mainland. Because the conditions for Taiwan's development differ greatly from those of the mainland, we cannot use Taiwan's development to negate the mainland's socialism. Obviously, if the KMT had not been overthrown and the mainland had continued its capitalism, the level of the mainland's development would still be secondary to that of Taiwan. The fact that the KMT accomplished nothing in its rule over the mainland in 22 years can prove this point.

The 50 years under Japanese occupation has a great influence on Taiwan's development today. This is because after Taiwan was occupied by Japan, it was no longer a colony but part of Japanese territory. In that period, Taiwan's economic development was already faster than most provinces on the mainland. For example, in 1952, Taiwan's agricultural population only made up 52 percent of the total. This shows that the degree of industrialization in Taiwan was much higher than the mainland provinces at that time. But when compared with Japan, there was also a great gap. However, in some important fields of economic development, such as the development of electric power, Taiwan was not as good as the mainland. Electric power is one of the most important targets showing the level of economic development in a region. As everyone knows, Taiwan's development of electric power has been very fast. It has built several nuclear power plants, not to

mention other development. In 1952, its total generated electricity was 1.42 billion kilowatt-hours, about one-fifth of the generated electricity on the mainland, which was 7.3 billion kilowatt-hours. This shows that at that time there was a big gap between Taiwan and the mainland in industrial development. In 1985, Taiwan's generated electricity was 52.6 billion kilowatt-hours, or one-eighth of that on the mainland. At the same time, Taiwan's cement output also dropped from one-sixth of that of the mainland to one-eleventh in the corresponding period. In the later 1930's, Japan had already caught up with the developed West European powers. At that time, although Taiwan's economic development level was still lower than that of Japan, it was much higher than that of the mainland. If Hong Kong is also included in this series, we can see that Japan was superior to Hong Kong, Hong Kong was superior to Taiwan, and Taiwan was superior to the mainland. This situation began to take shape as early as the 1930's and has continued to this day. Just as people cannot demand that Taiwan's economy develop faster than Japan's, people should not demand a faster economic development on the mainland of China than in Taiwan. If we admit that in the 1950's Taiwan's economic development was already some 30 years ahead compared with the mainland, we will find that it is not difficult to understand why there is a big gap between the mainland and Taiwan in economic development today.

Anyone without political bias should not only acknowledge the economic achievements of Taiwan, but should also not negate the great progress made by the mainland over the past 40 years. Strangely enough, some of the political "elite" have so far refused to look squarely at this great change.

Some people have obviously forgotten the hard work of many workers, peasants, and intellectuals over the past 40 years. In their eyes, most of the Chinese people are fond of their ease, hate work, and are doing nothing at all. This is the main cause of China's backward situation today. It is true that prejudice is further from truth than ignorance. Unlike these people, quite a few Western scholars or foreigners who have lived in China hold a more objective view on this question. They are astonished at the great changes in China. Examples of this are really too numerous to mention one by one. Let us just take a scholar specializing in the study of the ups and downs of various big powers as an example. He said: In 1953, China's manufacturing industrial output only made up 2.3 percent of the world's total, and its total industrial potentiality was only 70 percent of that of Great Britain in the year 1900. The complicated fighting among warlords, the Japanese aggression, and the subsequent civil war had all brought great damage to its economy. However, the country was not entirely hopeless. By 1957, with the completion of the First 5-Year Plan, its industrial output value had already doubled. Despite the "Great Leap Forward" and the "Cultural Revolution," which had obviously obstructed economic development, its steel output reached 37 million tons in

1980, much higher than that of Britain and France. In the same year, the proportion of the world's total constituted by its manufacturing industrial output had also increased from 3.5 percent in 1973 to 5 percent, which was very close to the level of West Germany. Although there are all kinds of problems in the country, this Asian giant is now moving toward becoming a true big power. Moreover, it has the economic foundation for reaching this position. What did this scholar see in China from 1953 to 1980? He saw a continuous growth of China's national strength. This is a historic change. For the past 2 centuries and more, China's national strength had always been on a declining trend. If we say that China could be considered a big power in the world in 1750, it became a weak nation and was repeatedly dismembered by other countries after the Opium War. Why could a large country with a big population and a long history be subjugated by others? This was because its national strength was on the decline. A fundamental change in this situation of decline took place only after the founding of the People's Republic.

People may not have forgotten that when China exploded its first atomic bomb, people were so excited that they rushed around telling each other the good news. Did the common Chinese people want to indulge themselves in wars of aggression? Of course not. They were so excited because they had long been bullied by the imperialist powers. They fully understood that without a strong defense capability, a nation cannot enjoy true dignity and freedom. Why does the Chinese nation hate lackeys and compradors in the service of foreign bosses and all those who fawn over foreigners? This is by no means a backward national consciousness or exclusionist idea. The Chinese nation has a past that it can be proud of and a self-esteem and self-confidence built on this foundation. We, the Chinese nation, have the spirit to fight the enemy to the last drop of our blood and the ability to stand on our own feet in the family of nations. We have firm faith in the bright and magnificent future of our nation. Let us have a look at how foreigners see the prospects of China's economic development. An article carried by THE ECONOMIST of Britain points out that if China and India continue to develop respectively at rates of 8 and 7 percent in the period between 1985 and 2000 and the four European economic powers maintain their average growth rates between 1970 and 1982, then—despite the existing great gap between China and India on the one hand and the four European powers on the other at present—by the year 2000, China's total GNP will be much higher than those of Italy and Britain and will only be 30 percent lower than that of France. If this hypothesis is realized, China's GNP will surpass that of West Germany in 2003. By 2020, it will be even higher than that of West Germany and France combined. The author holds that compared with India, China is more likely to reach this goal. At present, China's annual growth rate will be about 6 percent through readjustment. Even if China continues to develop at this rate, it will also catch up with Italy and Britain early in the 21st century.

Seeing that socialism has certain weak points, some people have always imagined that the practice of capitalism in China will bring forth many advantages. Of course, people can think whatever they like to think. However, we have already observed a fact; that is, China's socialism is, after all, not as bad as India's capitalism and is not as bad as the capitalism in many developing countries. This is a fact, at least, in the eyes of many politicians and scholars in the West. My firm conviction that socialism can save China is also based on this fact. We still cannot say that China's socialism is very successful because the Chinese have not yet created economic miracles. However, it is generally successful because it has at least created a speed of economic development that is much higher than that of most capitalist countries. It has made more explorations than other countries and has thus committed many mistakes. For this reason, it has also accumulated more experiences and lessons than other countries. It is quite possible that the Chinese economy will continue to develop steadily and that economic miracles may be created in the first 20 to 30 years of the 21st century.

Chinese things have to be done by the Chinese on the mainland, and the difficulties of China can also be solved by them. We must rely on our own efforts, our own wisdom, and our diligent work to catch up with the developed countries. It is said that the Indian people often feel proud of their achievements since independence. If that is the case, we Chinese have more reason to feel proud of the progress we have made over the past 40 years.

The analysis of China's current situation by some of the political "elite" is impulsive, one-sided, and unrealistic. If they would return to reality and make contributions to China's industrialization and modernization, it would be a good thing for the state and the nation, because most of them are gifted with talent and insight and can do something for the country and the nation. Nevertheless, our Republic has its real elite and outstanding heroes. They are those who have quietly immersed themselves in hard work over the past 40 years, making continuous efforts to create material and spiritual wealth for China's development. Without their efforts, we could not even begin to talk about catching up with and surpassing Britain, France, and Germany; China is starting from an economic level much, much lower than these countries. Without their efforts, we would not have been able to create atomic bombs, hydrogen bombs, artificial satellites, and intercontinental missiles in that short period of time and thoroughly change the mental state of being afraid of the imperialist powers. Compared with them, how will those who are busy running about for the restoration of private ownership and who are shielded and supported by the capitalist world make contributions to China in the future? Their political program has determined their program of action, that is, to try a thousand and one ways to sabotage stability and create turmoil in China so as to seize political power. What they are most reluctant to see is steady and rapid economic

development in China. People may not have forgotten that during the "Cultural Revolution," some people tried to obstruct the workers from conducting normal production under the pretext of "not conducting production for the erroneous line." Today, people who have caught the "love-capitalism disease" have gone even further. They are instigating people to sabotage production. Some have even implored foreign countries to apply stern economic sanctions against China. In the past, they were flaunting the banner of patriotism, but now they have even discarded this figleaf. To realize their personal political ambitions, they have not hesitated to sacrifice the normal economic development of the motherland. Have they really forgotten that they are still Chinese?

The rapid development of capitalism since World War II is a basic fact. Among the main capitalist countries, Japan has achieved a good lead. According to figures published by the United States, in the period from 1950 to 1986 Japan's GNP was growing at an annual rate of 7 percent, much higher than those of the United States and Great Britain, which were growing at 3.2 and 2.4 percent respectively. In 1952, Japan's GNP was only one-third higher than that of Britain. But in the 1970's, it was equal to the total GNP of both Britain and France and higher than half the GNP of the United States. The proportion of Japan's manufacturing industrial output in the world's total also rose from about 3 percent to 10 percent. There is also a trend of continuous growth. No other economic miracle, except that created by the Soviet Union in the years after 1928, can rival the economic miracle Japan created during that period. There were a number of favorable conditions for the postwar economic development in Japan. For example, it had almost no military expenditure. Once the favorable conditions disappear, Japan's economic growth rate may gradually become closer to the average rate of the capitalist world. Since the late 1970's, Japan's economic growth rate has obviously become lower than that of China, but is still higher than other major capitalist countries. Japan has many good experiences that can serve as our reference. One of them is that it has not mechanically copied the experiences of the United States. Some methods it has adopted are entirely different from those of the United States. Some people hold that the starting points of China and Japan were almost the same in the 1950's, but there is a big gap between the two countries today. This shows that China's socialism can only obstruct the development of productive forces. However, very few Western scholars can accept this exposition. As the economic growth rates of many developed Western countries are also lower than Japan, this exposition cannot help explain problems. In economic development, both knowledge and funds are necessary. This is same for all countries. Japan already had a profound industrial foundation before World War II, and the Japanese nation had become a creative and well-educated nation with a strong cohesive force. In 1932, the proportion of Japan's manufacturing industrial output in the world's total was 3.5 percent. It grew

to 3.8 percent in 1938. Japan's economic strength was stronger than Italy before the war, and its major industrial targets had surpassed those of France. If it had not been for the war of aggression against China, Japan might have surpassed Britain in the late 1940's or the early 1950's rather than in the 1960's. In the late 1930's, Japan made the world's largest warship and had 3,000 fighter planes serving the Navy. Without all this, it would not have had the strength to challenge the United States after attacking China and almost the whole of Southeast Asia. Industrialization had been realized in Japan before World War II. But at that time, China had almost no production capability under the rule of the KMT. Is it not strange that in a country which has been repeatedly invaded by Japanese imperialists, some intellectuals still hold that Japan's economy has been developed only since the war?

Part Three of Article

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[Article by Wen Di (5113 6611): "Socialism Can Save China"—part three]

[Text]

3. Only the CPC Can Lead China's Socialist Construction and Reform

As we can see, there are two kinds of reform: One is aimed at improving the socialist system, the other is aimed at restoring the capitalist system in the name of "reform." The former is the objective of the struggle waged by the CPC and the Chinese people, but the latter is the eager desire of political "elites." If the political elites are trying to make use of the signboard of reform, they will flaunt the banner of capitalism sooner or later, and some of them have already done so. To achieve their political objective, their first move is to negate the achievements of the socialist economic construction over the last 40 years, saying black is white; the second move is to criticize the CPC. Because only by thoroughly changing or overthrowing the CPC can they alter the existing political system and establish a capitalist republic. They are unlikely now to reach a consensus on whether the capitalist republic should follow the pattern of northern European countries, Taiwan Province, or the United States.

This, however, leads to a problem: How should we assess the CPC? When the student movement and rebellion in Beijing was gathering steam, those who felt most puzzled must have been Americans. Why is it that thousands upon thousands of people took to the street overnight in a country whose economy was rapidly developing? Why did the student movement spread far and wide so rapidly and and then be suppressed in no time? Journalists offered one explanation after another, but their views proved unconvincing. What President Bush said, however, was significant and worth pondering. He said: "If someone told you he had a thorough understanding of

China, it would amount to saying that he was utterly in the dark about China." The outbreak of the student movement presented the problem with the CPC from one aspect. The CPC's prestige has been on the decline among some people, among young students in particular, in the last few years. The argument that "the CPC has met with its doom" had gradually become popular among students studying abroad. If Americans were not quite clear about the situation in China, were people in Taiwan better informed? The Kuomintang had two tactics: One is for political propaganda, the other is for working out policies. For the purpose of propaganda, they predicted that "Beijing martial law has sounded the first death knell of the CPC. This is a great turning point for deciding China's destiny." They openly called on people on the mainland to wage a struggle against the "CPC's tyranny," overthrow the CPC, or at least force the CPC to give up the four cardinal principles. But while they were devoting efforts to propaganda, they were not so foolish as to have faith in what they had said. Based on their experience in the protracted struggle against the CPC, they were clearly aware that they could only think of overthrowing the CPC but could never achieve that. Therefore they realized that despite the explosive situation in Beijing, basically everything was under the CPC's control. In contrast with their view, the political "elites" were reckless in their assessment of the situation. They predicted that the "reformists" would win a decisive victory in 10 hours to 3 days. The reasons why they were so confident were that, first, they exaggerated the difficulties the CPC got into; second, they pinned their hope on Zhao Ziyang. During the period, the so-called "reformists," with a dim murderous look on their faces, hinted that Zhao Ziyang should start a coup or something similar to topple Deng Xiaoping and Li Peng. Probably it was such a naive and rash political assessment that caused the Beijing turmoil to last over 50 days. It appeared that the CPC chariot had been driven into a tight spot and additional efforts would turn it over. It is unfortunate so many young people believed the prediction.

Reform and the opening are bound to meet with crises. We have scored great achievements, but some problems ensued. For example: The widened gap between the rich and the poor, corruption, price rises, ideological confusion, incoherent theories, and crises of faith. All these conspired to form a grave challenge to the CPC. If the CPC failed to study and solve these problems conscientiously and in time, it would not be equal to the arduous task of realizing industrialization and modernization in China. But the CPC is a political party with a long-standing history and glorious tradition. If it had succeeded in overcoming the difficulties of the Long March and conquering the 3 years of natural disasters, and in correcting the glaring mistakes during the 10-year-long Cultural Revolution, how could it drown in the whirlpool of reform and the opening? Even if the CPC got out of the way, who could fill the big political hole? Could the pitiful creatures who are still spreading the rumor that "the troops drenched protesters in a bloodshed in

Tiananmen Square" achieve this? For what reason should people believe in those "heroes" who went over to the hostile forces abroad to collect awards after committing arson in China?

Among the political "elites," there is an irrational and quasi-fascist force. Though not in power, they displayed their cleverness as politicians and cruel methods. Their behavior was very similar to that employed by Hitler and his ilk in attacking the German Communist Party. Regardless, their plan to overthrow the CPC remains a daydream. If they continue upholding this program, they will naturally work hand in glove with hostile forces abroad. The Kuomintang has shouted loudly for 40 years that they would launch a counterattack against China, but what is the result?

The Chinese people in modern times, who were subjected to endless bullying and humiliation by imperialists, cherish two beautiful dreams: One is an independent, strong, and prosperous China; the other is a free society. Quite a number of intellectuals embraced Marxism during the May 4th Movement in 1919 because Marxism provided to them a new blueprint for saving China. The CPC's program incorporated these two dreams, and the Chinese people place on the CPC their hope for a bright future. But the people's hopes are impractical in many respects and they are prone to set forth excessive demands upon the CPC. Capitalism and socialism are means to solving social problems, but the former takes into account the interests of the majority of the people while the latter only tries to defend the interests of men of property. Mao Zedong said: Socialism only provides a path leading to an ideal state; we shall not reach the state without painful and arduous struggles. The CPC was founded on China's soil at that time, and it was mainly composed of the first intellectuals who embraced Marxism and the broad masses of the poor people who longed to shake off the yoke of imperialism and feudalism. The CPC started its career under extremely difficult conditions. The victory of the Chinese Revolution is a miracle in the history of the world politics, and it also shows that the Chinese people must carry on a protracted and difficult struggle before they can build socialism in China. At present, the CPC not only has to defeat a variety of political forces with the Kuomintang as their representative who are trying to restore capitalism in China, but has to remove degenerated elements within the party. It is a difficult task for the CPC. Bureaucratic corruption is found in every country, but the crux of the problem is whether we should legalize the practice. Chairman Mao Zedong had a sober understanding of the danger. He warned against the emergence of a privileged class within the party. That is to say, a socialist country is not immune against the emergence of some people who are in power as well as in possession of property. A real political privilege will surely find expression in an economic privilege, and as soon as this practice is legalized, a bureaucratic monopoly group will rapidly come into being.

We have already seen how the Kuomintang greedily exploited political power to boost their own assets in its 20-odd years of mainland rule. With its escape to Taiwan, it has not been as greedy. But the intellectuals of Taiwan have already noted that the Kuomintang's monopoly on politics allows its sole possession and domination of social and economic resources through the manipulation of large enterprises and close cooperation with industrial and commercial sectors, with special privileges and corruption dominating the social scene. By contrast, the corruption problem within the Chinese Communist Party is only an internal phenomenon. Leaders of the first generation of the PRC, such as Mao Zedong, Zhou Enlai, and so forth, are models of honesty with dedication to public service. The Chinese Communists and the people's government have always resolutely grappled with their own internal phenomenon of corruption. The "elite" have fought corruption for no other reason than to incite the masses. Many cases show that the choice of private ownership is not a solution for the corruption problem. Those countries practicing private ownership are more seriously affected with corruption. But no matter what, the phenomenon of corruption has become the social ill most hated by the masses. Deng Xiaoping, Chen Yun, and other party and state leaders have upgraded the conquest of corruption to the high plane of it being a matter of life or death for the party. But the problem has still not been properly solved. It is entirely necessary for the Chinese Communist Party and the government to put the fight against corruption on the agenda after the suppression of the turmoil.

Perhaps communists all over the world once underestimated the difficulties likely to be encountered in socialist revolution and construction. Only after several mistakes and setbacks have things begun to be taken care of a little better. If it is claimed that the French bourgeois republic could be established again only 100 years after the great revolution of France, and the leaders of the great revolution like Robespierre [5012 0130 2448 1642 1422] had also made mistakes of this kind or that, people can easily understand why the Chinese Communist leaders are also likely to make mistakes. Proletarian revolutionaries like Mao Zedong and Zhou Enlai once stood at the forefront of historical change, attempting to carve out a brilliant path for historical development. They were pacesetters and heroes worthy of the name. They were not tolerated by the political "elite" primarily because they had brought the socialist system to China. Deng Xiaoping is the world-recognized pacesetter in China's reform and openness. Because he wants to uphold the four cardinal principles, he has been in the twinkling of the eye chased by the political "elite" out of the "reform" camp and attacked as "an old and muddleheaded dictator." With no tolerance for even a statesman like Deng Xiaoping, who has made magnificent contributions to the cause of the Chinese people's, can the political "elite" tolerate anyone other than a handful of their own confederates?

Socialism is a system fundamentally different from the system of private ownership, including the bourgeois

system. Its ultimate aim is to eliminate the exploiting class and the system of private ownership depending on it for survival. The lofty ideals represented by socialism far exceed the possible height that can be achieved by bourgeois thinkers. Therefore, in practice there are likely to be difficulties and resistance unprecedented in history. Those who seek perfection in the socialist system perhaps just do not know that the capitalist system has become relatively mature only after 200 or 300 years or more. Actually, socialism is still in its childhood, a set of tried and true systems yet to be perfectly established. Just because world socialism is still relatively young and is besieged by world capitalism, it cannot help running into various difficulties. These include armed intervention by capitalist countries and other forms of attack, including material and political support rendered to various opposing forces in socialist countries such as now provided for the political "elite" of China. Given such conditions, it can easily be conceived that a capitalist comeback in some socialist countries is entirely possible, just as the comeback of the earlier Bourbon government after the French Revolution. Despite this, socialism has taken deep roots in some countries, especially in the Soviet Union and China with their outstanding leading figures like Lenin and Mao Zedong. It is feared that a capitalist dream cannot be relived in these countries as they would want. We can even imagine that given a capitalist comeback in such socialist countries, people are very likely to act and turn around again the reversed wheel of history. This is to say that even given the realization of the ideals of the political "elite" with their reliance on world capitalism for support, their bourgeois republic is naturally also shortlived. This decides the dependence of the political "elite" on world capital. It seems a bit ridiculous that those people who had professed to have inherited the "May 4" spirit could not help doing, one by one, what was done by those traitors during the "May 4" period—turning to foreigners for support. On the other hand, Deng Xiaoping and those leaders of the CPC Central Committee, who have really inherited and developed the "May 4" glorious traditions, do not have the slightest traitorous streak in them! History is laughing at the political "elite." They are unusually "patriotic," but they have become involved with the camp of national traitors. Thanks to historical changes, the Chinese People's Government is no longer being dictated to by any foreigner. The Chinese people are poor but not short on ambitions. Only this national spirit and this proper national style are a sign of the inevitable emergence in the world of an ancient and great nation. Once established, the socialist system cannot be easily overthrown. Its great vitality lies not just in the lofty social ideals represented by it and not just in the people's democratic dictatorship detested by certain people. Its strength lies in a brand new economic system—the system of public ownership. This system, though still not very mature, is in a state of being continuously developed and perfected. But it is obviously no simple thing for anyone to attempt putting again such tremendous social wealth represented by it in the hands of the new bourgeoisie. If the Communist

Party has still not renounced Marxism-Leninism, it will naturally metamorphose into the greatest obstacle to a capitalist comeback. The problem lies within the party. If a bureaucrat bourgeoisie monopoly develops out of the Communist Party, then the People's Republic will exist only in name. We should really be thankful to those young students with a sincere desire to fight corruption. Their activities are unusually valuable. They are in line with the goals of the party, the government, and the National People's Congress. All forces fighting corruption should rally around the Communist Party and the people's government and use the legal system as a means to wage a resolute struggle. This calls for the establishment of a set of legal systems, such as making a regular check of state leaders' assets, with a special committee established by the National People's Congress to do the job. More important, a democratic system must be developed within the party, with party leadership placed under the supervision of party members and the masses.

The founders of Marxism have never believed that their theory is the end of truth. What they hoped for is the continuous carving out of a road in practice to recognize truth. In recent years, all kinds of noise has been made by all schools of thoughts. Various arguments and condemnations against Marxism have become the rage. Marxism has become an acute problem in its continuous existence. There is nothing bad about the clamor made all around. But if we should let these non-Marxist schools of thought trample upon Marxism freely, then it will no doubt be a case of toppling a big tree to let the weeds thrive.

Marx was a great theorist and thinker. He provided something new in philosophic, economic, political, and other fields. The British philosopher Russel called him "the last architect of a big system." Marx always tried to find all possible scientific proof in support of his doctrines and never relied on intuition transcending science. His criticisms of idealism and mechanical materialism are no doubt an eye-opener to people. His historical philosophy is generally recognized as "a great tool of recognition." Therefore, new viewpoints and new methods are provided for the study of society. Marxism is no dogma. It is thoroughly critical in itself. Marx raised fundamental questions about the philosophical thinking and economic theories that were then predominant. He steered socialism from a vision to a science. Marx is also an outstanding proletarian revolutionary. He hated various kinds of class oppression and exploitation, and made a penetrating criticism of capitalist shortcomings and crimes and paved the way for the search of an ideal society of mankind and its overall development.

At least, Marxism has clarified such a question: It is not only rational but also natural for socialism to replace capitalism in the end. Neither Lenin nor Mao Zedong blindly adhered to certain conclusions reached by Marx. Only some scholarly people have tended to blindly adhere to certain conclusions reached by Marx rather than adhere to the complete theoretical system of

Marxism. Both Lenin and Mao Zedong made an attempt to develop Marxism in a creative manner on the basis of the Marxist stand, viewpoints, and methods. Thanks to their strenuous efforts, a new social system fundamentally different from the capitalist system has already emerged on this planet and has been gradually developed and expanded. Although this new social system is still far from perfect and still has defects, it is the emergence of this new social system that has made our small planet "pluralistic." Had this new social system not emerged, the capitalist social system would have remained the sole social system on our planet. Is it true that if this were the case, those who are fond of talking about "pluralism" each and every day would inevitably feel sad and sorry about our planet? Marxism, Leninism, and Mao Zedong Thought have played a decisive role in establishing our country's social system and our people's concept of value. Without Marxism, Leninism, and Mao Zedong Thought, there would have been no victory for China's revolution and socialism. Without socialism, there would be no capitalism at present. It goes without saying that those developed capitalist countries have all learned something useful from various socialist countries in the world in their own development without having to change their own system of private ownership of the means of production.

Some people arbitrarily hold that Marxism is already outdated because it was founded in the 19th century. These people do not know where their own point of departure is, nor do they know that many of their own views are representative of an ideology which was criticized, repudiated, and surpassed by Marxism long ago and which has lagged far behind the historical development. In talking about Marxism, we must pay attention to the following two points: First, the so called "elites" who have advocated total Westernization are but followers of those liberalistic thinkers who laid a foundation stone for capitalism. They have not put forward any new ideas themselves; second, the fundamental difference between liberals and Marxists lies in their views on the right of property. The former believe that right of property is sacred and inviolable, whereas the latter believe that the right of property, like religious authority, imperial authority, and aristocratic authority, is not eternal. If we understand these two points, it will not be difficult for us to explain to the people in what sense Marxism cannot be regarded as outdated. A new ideal on social change put forward by Marxism is that it is not only necessary to negate the religious authority, the imperial authority, and the aristocratic authority, but also necessary to negate the bourgeois right of property ownership. Nevertheless, such negation of the bourgeois right of property ownership cannot be accomplished overnight, for it is a historical process. The prediction that the human society will eventually eliminate the system of private ownership is not based on the fine wishes of the good and honest people, but is based on a dialectical, materialistic, and scientific analysis of the

development of the human society and the contradictions inherent in the capitalist society. As a scientific world outlook and a scientific methodology, Marxism is certainly not outdated.

Thanks to Marxism and Leninism, the CPC in China was founded. Without the CPC, there would be no socialist New China. Therefore, Marxism, Leninism, and Mao Zedong Thought are of great importance to China. The current basic line followed by the CPC can be summed up as adherence to economic construction as the center, adherence to the four cardinal principles, and adherence to the policies of reform and opening up to the outside world. This basic line followed by the CPC conforms with the realities of China. Along with the continued development of China's economy, China's socialist democracy and legal system are bound to be gradually perfected. So long as the Chinese people make concerted efforts to strive to build a better and New China, China is not without hope.

Part Four of Article

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[Fourth and last installment of article by Wen Di (5113 6611): "Socialism Can Save China"]

[Text]

4. Socialist Democracy Building Is Also a Process

As early as the "May 4th Movement," people with insight had already recognized the importance of democracy and science. However, democratic politics is just like a magnificent palace and scientific spirit is just like a big mountain. Both require a long and arduous construction process. Even capitalist democratic politics was not built in a single day. During the recent political disturbance, which was led by the "cream" of politics, democracy seemed to become their patent. Whoever disagreed with their political ideas would become dictators opposing democracy. If there was only one form of democracy, they might be right. However, the matter cannot be generalized by this way of thinking, which is too simplistic. The real difference does not rest on whether we "want democracy" or "want despotism." It is what kind of democracy we want and how to build it.

What is democracy? Generally speaking, democracy means the power to rule which has not been acquired by divinity, imperial might, or any other privilege. Democracy is not only a form by which to manage the state, it also manifests the state's essence. The system of democracy is not owned solely by the capitalist countries and emerged at a very early period of time. In ancient Greece, the system of democracy for slave owners or free people had already developed. Therefore, when we talk about democracy, we should not simply look at the form of democracy while forgetting that the state's essence is represented by a certain system of democracy. The various representative systems in the contemporary

West, whether constitutional monarchy, presidential, or cabinet systems, have the duty to safeguard their constitutions, while the core of the constitutions is to consider first the protection of the private ownership system—characteristic of capitalism—and various other promised freedoms. The recent political disturbance is called a "prodemocracy" movement by the West, which means that it also favors a capitalist free economy. The core to be safeguarded by China's current political system and Constitution is the economy of the public ownership system, with ownership by the whole people as the mainstay. Although the form of this economy of the public ownership system (including the leasing and shareholding systems) is still experimental, one point is clear; that is, we will never again allow the means of production to be legally accumulated in the hands of an extremely small number of people. Marx once said: Communists can use a single sentence to sum up their own theories and that is, eliminate the system of private ownership. Socialism differs from capitalism precisely because it develops in the direction of eliminating private ownership of the means of production.

If we refrain from taking aspects such as the multiparty system, division of the three powers, and parliamentary politics as the sole criterion for judging whether there is democracy or a democratic system in the West and also consider whether an exploiting class exists or whether an extremely small number of people use the privileges to which they are entitled by their wealth to control political power, then we absolutely have the right to say: In China, socialist democracy has made certain progress. The Chinese people already have the political organs for practicing democracy. These are the National People's Congress [NPC] and the Chinese People's Political Consultative Conference. It is not strange that people have various criticisms of their practical functions because inside these organs the voice of debate is not loud and there is always consensus and so on. However, people should not forget that during the recent unrest, someone wanted to utilize the NPC Standing Committee to negate the already-enforced martial law. Here we can see that the NPC has already become the highest organ of power and cannot be neglected.

The present achievements of capitalist democratic politics have been won after going through a rough and long process. It was only 20 years ago that American blacks were still fighting for their civil rights. Before World War II, the United States still had not abolished the private torture of blacks. It was only after the outbreak of World War I that American women won the right to vote. Many workers in the European and American countries have secured the right to vote for barely 100 years. Tracing back to the civil war period in England 300 years ago, Cromwell cruelly suppressed the officers and soldiers of the egalitarian school because they demanded abolition of the regulation stipulating that only people possessing the sum of 2 pounds of sterling could vote. Therefore it is not difficult for us to perceive that capitalism in its early stage was obviously democracy for capitalists.

Today, the essence of capitalist democracy has been concealed and it has become more of a sham and a trick.

There are certainly many reasons for capitalist democracy to take a long period of time to develop. As Marx said, rights can never surpass, nor can socio-cultural development be restrained by, the economic structure of the society. However, the emerging countries, without time to act as a buffer, could not free themselves from various clashes resulting from immature measures. At present, a group of scholars who have studied abroad are anxious to transplant into China a democratic system practiced in the United States in the 1980's. Though their aspirations for building the nation are admirable, they have apparently forgotten that the development of democracy is restrained by economic and cultural conditions. This means that the development of democracy is a process. To criticize the current developing democratic system in China using the democratic system practiced in the United States in the 1980's as the basis will generate a democratic consciousness that inevitably deviates from China's reality.

People will easily understand that economic development must be launched step by step, but they will easily forget that the mansion of democracy must be constructed floor by floor. The demands by the "cream" of politics regarding the promotion of democracy, such as complete abolition of "political prisoners," permission to build an opposition party, and cancellation of CPC leadership over the press, and so on, are in fact imposing the democratic forms of some contemporary Western countries on China's reality.

Why is China unable to completely abolish the kind of "political prisoners" as described by the West? Some people in the West demand that China abolish "political prisoners." This is a demand that the People's Republic grant complete freedom to its own political enemies. If the international and internal conditions permit China to do so, this is something that can be done. But in reality, the international and internal atmospheres are far from being conducive to allowing China to do so. Not only is China unable to do so, the United States is unable to do so. For example, even under the condition that there have been many improvements in democratic politics in the United States, young person who burned the U.S. national flag had to be sentenced, not to mention some those who engaged in subversive activities threatening the government. Should the Marxists in the United States decide to occupy the lawn in front of the White House for a couple of days to erect a statue of Marx, we can imagine what kind of trouble they would run into. People should not forget that only several decades ago it was also dangerous for an American worker to be a member of a trade union, not to mention the discussion of socialism or communism. Neither can the Taiwan authorities do this. Up to now, they have refused entry for Communist Party members to visit, not to mention their refusal to allow the Communist Party to operate legally there. Therefore, the demand that China

completely abolishes "political prisoners" now is only a saying meant to fool people.

However, what China can do now is fully guaranteed the safety of citizens so long as they confine their actions within the domain permitted by the Constitution and refrain from breaking the law. Regarding the problem of ideology, so long as they do not violate the Constitution and the four cardinal principles stipulated by the Constitution, various viewpoints can be expressed and debated. It is necessary for us to have a tolerant spirit in the academic and thinking domains. We must advocate the tolerance of Voltaire during the Period of Enlightenment: "Although I hate your viewpoint, I am willing to give my life to defend your right to express it." We must pay attention particularly to protecting the legitimate rights of a minority of people. This means we must uphold practice of the principle of letting a hundred flowers blossom and a hundred schools of thought contend proposed by Chairman Mao. So long as we have this principle and spirit, we can have the situation whereby there is freedom and discipline, as well as unified will and individual peace of mind.

The biggest political problem for China is the creation of a stable political environment. Both a failure to stage political reform and speeding up the wheel of reform would contribute to turmoil. China is going through profound economic reform, and the difficulties in economic reform call for strong government leadership, all the more reason for China to conduct political reform in a steadier and more reliable way because error in this area would wreak havoc on the Chinese people. Every effort must be made to base political structural reform on consensus after full discussion. We would rather that the reform be slower but better. This is probably the only way political reform could bring some real benefits to Chinese people and avoid their being exploited by conspirators. The most practicable step at present is to expand the power of people's congresses at various levels. The NPC must establish a set of normal work procedures to ensure that the congress exercises supervision over government activities and prevent it from degenerating into a despised "rubber stamp."

Conclusion

The fundamental fact is that the Chinese people have launched themselves on a socialist path but political "elites" vainly attempt to change this historical trend and lead China toward capitalism. Their political program would only plunge China into great turmoil. Such great turmoil, which carries with it the aim of toppling the socialist state machine, will bring terrible disaster to the Chinese people. People should give full attention to this development.

Without doubt, socialism can save China and has already brought independence, unification, and prosperity to China. There is every possibility that it will propel China to becoming one of the several most

powerful countries in the world in the next 30 or 40 years. This is only a matter of time and nobody can stand in the way.

At such a critical historical turning point there is a great necessity to advocate political gradualism which, being reformist and rational in nature, attaches equal importance to democracy and the legal system; and to oppose fanatic, short-sighted, and instant success-oriented political adventurism.

The CPC has the ability to lead the Chinese people to realize the grand target of the four modernizations. Insisting on the policy of reform and opening up; ensuring a steady, stable, and coordinated development of the national economy; further improving people's living standards; active and steady reform of the political structure; pushing for socialist democracy to put the party and government under the people's supervision, which will release the vast creativity of the people and strengthen national cohesiveness—all these are problems that we will have to resolve in order to create a stable political order.

If the whole of the Chinese people, including the wide mass of patriotic intellectuals, expend their wisdom in improving rather than overthrowing the Chinese socialist system, then without doubt the future of China will be bright.

Report Praises Teachers

HK1701084690 Beijing RENMIN RIBAO in Chinese
15 Jan 90 pp 1,2

[Article by BEIJING RIBAO reporter Ji Tao (4764 3447) and correspondent Ju Hong (7263 4767): "Hope Is Placed on Young People of the Present Generation—a Report About a Group of Outstanding Young Teachers at the Beijing University of Polytechnics"]

[Text] A few days ago, we called Professor Zhu Hesun, president of the Beijing University of Polytechnics, telling him of our intention to interview some young teachers. When we had barely finished speaking, President Zhu said: "Come tomorrow, I will give you a namelist."

The grey-haired President Zhu placed a long namelist in front of us. He said smilingly just as if he were recommending his own children to us: "I like these young people." He added without concealing his own feelings: "When you get in touch with them, you will be full of vigor. Our hope is placed on young people of the present generation."

Sincere Loyalty

Sun Fengchun, who is just over 30, wore a casual jacket. He was not like a doctor of philosophy who had just come back from the FRG. This tall young man was not surprised at our question, saying: "When I just returned home, many people asked me: Why did you come back

after the occurrence of turmoil? Actually, some professors of the Berlin Industrial University also asked me the same question and wanted me to stay in their country." True, Professor Weilukinder, a noted expert in the Automobile Research Institute under the Berlin Industrial University, was amazed at his student Sun Fengchun, a PhD candidate sent by the State Educational Commission and jointly trained by both China and Germany, because this young Chinese spent only 1 year on completing research work which was scheduled to be completed by others in 5 years. The professor said: "Let me contact the Chinese side so that you can stay for another year. Your PhD degree will be conferred by us, the Berlin Industrial University."

"Why must I despise the degree issued by my own country?" Sun Fengchun naturally told us something about his parents who were working on a farm, and his Chinese teacher Chen Xiaonan, a Chinese scholar who returned to China from the United States together with Dr Qian Xuesen. "Once I leave my country, as a Chinese I profoundly realize the importance of having a strong and powerful country." Sun Fengchun continued: "Let us take scholarships provided by the West for foreign students as a example. The amounts for Chinese students are much smaller than for those students from Europe, the United States, and Japan. Why? It is because China is poor. China must not be poor forever. China's affairs must be handled by the Chinese themselves." In such a way, Sun Fengchun returned to China as scheduled and worked in the Beijing University of Polytechnics. Another person who returned home together with Sun Fengchun was Sun Maotang. Sun Maotang was sent by the Beijing University of Polytechnics to study abroad, and he has just passed his oral examination connected with his doctoral thesis. We did not meet him because this young man was away on official business shortly after returning to China.

On 15 May when Sun Fengchun and others returned to China, the design of young Associate Professor Feng Shunshan for a component part of guided missile, which reached international advanced standards, had passed the technical tests by the relevant ministry and commission. During the latter half of October, another technical test was conducted for a large experimental project supervised by him. Now Feng Shunshan is simultaneously conducting several important research projects at the state or ministerial level.

We asked him: "You are now 37, but you have not studied abroad. Why did you recently withdraw from the scholar exchange program?" Feng Shunshan won a scientific and technical progress award presented by the state and two scientific and technical progress awards presented by the relevant ministries and commissions. Young teachers in the university said: If Feng Shunshan intends to study abroad, we will not compete with him.

Feng Shunshan answered our question calmly and smilingly: "Do you think that I can leave my work?" Yes, if he could leave his work, he would have left it a long time

ago. He gave up two chances to study foreign languages abroad. Now his laboratory, formerly a very common laboratory, has become an advanced laboratory in the whole field. It has also been classified as an grade-A laboratory which accepts loans provided by the World Bank. Now Feng Shunshan has been promoted to the position of deputy department head and is busy with his work. "All this work must be done by someone. Since people at our age can fully take charge of the work in one aspect, we must spare no efforts in our work." His answer was as simple as that.

The Chinese Have High Aspirations

It was truly a coincidence—Dr Kuang Jingming, who got his PhD degree from the FRG last year, also said the same thing: "I can't leave my work. I must go all out in my work." We heard this newly appointed young deputy department head say so.

On 4 June, Kuang Jingming's German teacher sent a cable to him asking him about his safety and research work. Kuang Jingming told us frankly: "This scholar wanted me to return to work with him there." Kuang Jingming's teacher was noted for his strictness. He supervised 12 PhD candidates, and most of them passed their examinations connected with their doctoral theses in 4 to 5 years. Kuang Jingming was the only one who could pass the examination in less than 4 years. His schoolmate told him: With the reputation of your professor, if you work here, every month you can earn DM 1,500 more than other people. Kuang Jingming answered smilingly: "I do not need so much money. I want to go home to do something significant." After a long talk, the professor eventually nodded his head: "Good! You Chinese have high aspirations. I will reserve your desk and computer. You may come back at any time you like."

Here, Kuang Jingming smiled again, saying: "I have been deputy department head for 2 months. I do research work and prepare lessons at night. During the daytime, I do administrative work. I must not refuse to do so. I must not think only of myself. I must show my devotion. There are a number of persons in this university who have done so. They include the president and the youngest associate professors. Without them, our work cannot be completed." Hardly finishing his remarks, Kuang Jingming left hurriedly to arrange curriculums for new students, and the interview ended in less than half an hour.

Li Rongzhi is one of the two youngest associate professors at the Beijing University of Polytechnics. His work is more complicated than that of Kuang Jingming. Three years ago, he voluntarily become instructor of three classes. We hear that in those days of turmoil, students successively asked Li Rongzhi about the matter of participating in the demonstration to support those in Tiananmen Square. They believed that their teacher Li

would definitely support them because he had just came back from the "birthplace of democracy and freedom"—Paris.

To one's surprise, Li Rongzhi, who was busy with an experiment at that time, was very angry after hearing what his students had said. He said: "Support? Do you want to push those students on hunger strike onto the road of death? Not a single student is allowed to go!"

The students were stunned. A student asked: "Teacher Li, why do you keep in line with the party Central Committee?" "What I do is right!" Li Rongzhi answered definitely without any hesitation. He told his students: It is precisely because I once lived in the West, I truly know the democracy and freedom there.... After meeting this group of students, another group of students came. He repeated what he had said. He was busily shuttling between his laboratory and the students' dormitories. Very often, he talked himself hoarse. He did not have a breathing spell until 6 June because none of the 110 students under his supervision were involved in the turmoil.

What made him particularly happy was that on 6 July the "March 86 high-tech project of the state," "the plasma injection method for producing diamond membrane," succeeded. Before the success of this projects, he was also successful in a most advanced research project. He applied to the state for two patent rights due to the success of this project. Now apart from carrying out a project of the State Natural Science Foundation, he has also participated in a research project of the Doctorial Foundation under the State Educational Commission. This 28-year-old associate professor also told us: "My purpose in returning home earlier was to do more work. The university and the state have given us a lot of work to do. Why shouldn't I work hard?"

Using Knowledge To Dedicate Themselves to the Service of the Country

Before meeting with Xiong Jingjie, we learned that during the past 4 years since getting his master degree, he has been working in the Equipment and Facility Department of the university. He has been responsible for importing, procuring, and maintaining and repairing computers. He has now become a fairly famous "dab hand at computers." A number of units intended to "lure him away." Two joint-venture enterprises in Shenzhen gave him attractive offers. One enterprise promised to help him solve the problem of transferring his wife to the city, whereas the other promised him a high salary. A very famous foreign enterprise group also offered him excellent pay and conditions...Xiong Jingjie rejected all these offers. At the end of last year, he was successful in his examination for the post of scientific and technological counsellor to be stationed abroad. However, when the university authorities asked him: "Who will do your work after you leave?" Little Xiong gave up his plan without saying a word.

Xiong Jingjie said: "Our motherland is getting better with each passing day. The more I see her, the more I like her. Now we import equipment and facilities valued at \$1 million every year. When I first worked in the Equipment and Facilities Department, Professor Guo Chu of the Department of Physics told me: 'Little Xiong, at present our average standard of living is less than \$300. When you are buying equipment and facilities, saving a bit means a lot to us. It might be equal to what 200 peasants have earned in a year. If you are capable, you must compete with foreigners.'" Raising his head, he continued: "At that time, I asked him: 'Are you a party member?' The professor answered proudly, 'My party standing is longer than your age!' There are a number of such intellectuals in our university. My teacher, Cao Genrui, works 4 to 5 nights a week in a generator room. Nobody gives him overtime pay." We learned that Little Xiong has also been entitled to overtime pay on numerous nights, but he never drew it.

In our notebook, we also put down the advanced deeds of young Doctor Zhang Disheng, who has just completed a project of on a computer-controlled steel rolling system which is the first in our country; young lecturer Lu Cheng, who has won a teaching award; young lecturer Wei Fahen, who has been awarded because of his outstanding achievements in teaching; and the 27-year-old associate professor Li Hongping, who has been elected an outstanding teacher in Beijing Municipality; and others. They have scored extraordinary achievements. Over the past 3 years, the University of Polytechnics has broken a rule to promote more than 20 young professors and associate professors. We only interviewed some of them. The remarks expressed by Feng Changgen, who was elected as one of "ten outstanding youths of the whole country" by All-China Youth Federation last year, voice their common aspirations: "We have benefited from the investments of the state in running schools and have become qualified personnel. To me, it is right and proper to use my knowledge to dedicate myself to the service of my country."

The motherland—the hope of youths.

Youths—the hope of the motherland.

Officials Attend Strategic Studies Meeting

OW1501155090 Beijing XINHUA in English
1456 GMT 15 Jan 90

[Text] Beijing, January 15 (XINHUA)— The first annual meeting of the Foundation for International and Strategic Studies was held in the Capital Hotel here today.

Established in June last year, the foundation is to support the research activities on international strategic theories and ideas in line with Marxism and Leninism, the demand of the time and China's actual situation. It also helps spread academic information and promote exchanges between the foundation and its foreign counterparts.

Attending today's meeting were Ji Pengfei, honorary chairman of the foundation; Chen Chu, chairman of the foundation; Foreign Minister Qian Qichen; Chi Haotian, chief of General Staff of the Chinese People's Liberation Army; and Han Nianlong, president of the Chinese People's Institute of Foreign Affairs.

Central Committee Panel Meets 16-17 Jan

OW1801031190 Beijing XINHUA Domestic Service
in Chinese 1457 GMT 14 Jan 90

[Text] Beijing, 17 Jan (XINHUA)—The Work Committee of Organs Under the CPC Central Committee held a party work meeting on 16 and 17 January in Beijing to make plans and arrangements for further improving party organizations in terms of ideology, organization, and work style.

Wen Jiabao, alternate member of the Secretariat of the CPC Central Committee and secretary of the Work Committee of Organs Under the CPC Central Committee, presided over the meeting and made a speech. He pointed out that at present party organizations at all levels and the broad masses of party members in organs under the CPC Central Committee must take the lead in carrying forward the party's fine tradition, forming closer ties with the masses, and making a conscientious effort to improve the workstyle of these organs. He called on all party members and cadres working in organs under the CPC Central Committee to firmly uphold the mass-oriented viewpoint and maintain flesh-and-blood ties with the masses. He said: All departments and personnel of organs under the CPC Central Committee should persist in gearing themselves to reality, society, the grass roots, and the masses. Where conditions permit, they should go to grass-roots units, including factories and schools, to earnestly listen to the opinions of the masses and to enthusiastically publicize the party's principles and policies. Together with the grass-roots cadres, they should mobilize the masses to consciously preserve the situation of political stability and unity and to strive to fulfill the tasks of improving the economic environment, rectifying the economic order, and deepening reforms.

Personnel Ministry Official on Returning Students

HK1901005390 Beijing CHINA DAILY in English
19 Jan 90 p 4

[By Yao Yu]

[Text] China is sparing no effort to ensure successful careers for students who have returned from overseas, as well as trying to attract students reluctant to return.

This can be viewed as strong evidence of the Chinese government's adherence to its policy of sending students abroad as an important part of the country's opening policy, according to an official with the Ministry of Personnel.

"In the past, however, the State did not pay so much attention to appropriately employing the returned students as it did to sending students abroad," the official said in an interview with CHINA DAILY.

Under its reform and opening policy, China has sent more than 70,000 people since 1978 to study in 79 foreign countries. About half of them have returned, mostly working as teachers and research fellows, according to the latest official statistics.

However, a survey by the ministry last June showed that the rational utilization of the students who returned was only 58.5 percent, 7 percent less than that of the country's scientific and technological personnel in 1987.

Since its establishment in April 1988, the ministry, in co-operation with the State Education Commission, has undertaken the rational and scientific employment of the returned students as one of its major responsibilities.

"Our aim is to bring the talents of the returnees into full play for the country's modernization," the official said.

The official discussed the major obstacles and the efforts being taken to cope with them.

Nowadays, a problem for many returnees is that they cannot make use of what they have learned abroad in their current jobs, the official said.

This is because the returnees, having studied abroad at the expense of the government or their work units, are usually obliged to continue their original jobs on their return, no matter whether those jobs are appropriate for them, considering their studies abroad, he said.

Faced with the consequent waste of knowledge and talent, the ministry has decided that it is urgent to work out special policies for the returnees.

"Our guiding principle is to allow the returnees more freedom and say in choosing their own jobs," the official said.

On this basis, several draft regulations and measures were discussed in the ministry's national working conference held in December in the Shenzhen Special Economic Zone, he said.

It is suggested that a returnee's proposed job change first be negotiated between the person's present work unit and the unit where he or she wants to work. If any dispute arises, it can be submitted to a special arbitration under the local personnel administration. The decision will depend on whether the person can make fuller use of his or her new skills in the new place.

Several arbitration units have been set up at the provincial and municipal levels, the official said.

It is also proposed that those returnees who want to transfer to other cities with their family members be exempt from the State's residency regulations in cities, particularly large cities. The ministry is preparing to

establish short-term work stations for the returnees, the official told CHINA DAILY.

The stations will be mainly located in well-equipped research institutions and large enterprises. The returnees who have just come back may temporarily work there, either continuing the study they began abroad or participating in new research programmes. Meanwhile, they may seek better job opportunities outside the stations, and leave on the expiration of their short-term working contracts.

Such work stations have been established in Dalian and Ningbo, two opening coastal cities, the official said.

Another priority on the ministry's agenda is to improve the allocation of research funds to returnees, the official said.

A recent report of the ministry says that nearly one third of the returnees could not conduct their normal research work due to a lack of funds.

The first reason is that the State's limited financial capacity cannot supply sufficient funds for scientific research, the official said. In addition, many returnees find they have just missed the deadline to bid for the State's yearly distribution of funds for major research projects, he said.

Since 1985, the State has allocated 10 million yuan (\$2.1 million) a year as extra aid to returnees working in non-educational fields, the official said, adding that his ministry is applying to the State for a constant increase of funds in the next few years.

Since the funds are very limited, it is vital to make optimum use of the money, he said.

The ministry would mainly concentrate on subsidizing newly-returned students who are young and promising but in low academic positions, he said. In research programmes, he said, the focus would be on those likely to achieve high and quick economic results.

The official said that the recent Shenzhen meeting approved these proposals to be implemented in the near future.

Such questions as bettering the returnees' living conditions, helping couples living in different places to reunite and according proper academic titles to them, were also discussed in the meeting, he said.

"However, solutions to some problems are far beyond the ministry's power," he said. "They require efforts from all of society, especially from local administrations at various levels."

Some of the country's open coastal cities have taken the lead in offering the returnees preferential treatment, according to the official.

In October 1988, the Shenzhen Municipality promulgated 17 preferential policies to attract returnees to work in the special economic zone.

Under the "free to come, free to go" policy, returnees working there are not only free to choose their jobs but also free to go abroad again for further study.

Priority will be given to returnees to run private research institutions and enterprises. They are encouraged to invest in their own names or on behalf of foreign companies. Those studying abroad but helping to introduce profitable high-tech projects to the zone will get 1 percent of the project's net profit for the first year.

In Tianjin, the municipal government so far has granted 11 million yuan (\$2.3 million) to support the returnees' research.

In Dalian, young returnees with brilliant achievements in their fields are promoted to senior professional positions despite their lack of seniority and the very limited quotas for such positions.

When purchasing houses, the returnees in Ningbo can enjoy a 10 percent discount in addition to a waiver of the construction tax.

According to the official, the ministry is planning to help returnees set up their own associations across the country.

The non-governmental association will serve as an important channel through which the government and returnees can frequently exchange ideals with each other, he said. It is also expected to help promote the country's academic exchange with the outside world and help draw more foreign investment and beneficial research projects.

To strengthen scientific administration, the ministry recently established a data base to provide relevant information on the returnees, the official said. Regular surveys will be conducted among the returned students to keep informed about their situation, he said.

Article Views Campaign Against Six Vices

HK1701121490 Beijing RENMIN RIBAO in Chinese
15 Jan 90 p 3

["People's Forum" Article by Lu Zuyin (0713 4371 5593): "Poppy, Blue Civilization, and Others"]

[Text] Marked results have been scored in mopping up the "six vices." This is a good thing that wins people's hearts, dispelling their gloom.

Drugs, categorized in the "six vices," such as opium, morphine, and heroine are poppy products. When I was young, I saw poppies in the fields of my home village in Yunnan. Their blossoms in violet, red and white were really beautiful, colorful and eye-catching. In a breeze, they were like fairy maidens dancing and the sight was

marvellous. I was rather innocent at that time and was fascinated by this scene. Later, I went to school, and studied the "Song of National Humiliation" in a textbook. It was only with the teacher's explanation that I came to know the Opium War, and that hidden behind the beautiful poppies was the heartbreaking and humiliating history of the Chinese nation. Consequently, I began to feel disgusted with and loath for those beautiful poppies. Beautiful they might be, I thought, they could be as poisonous as snakes and scorpions. When I grew older and read more books, I began to have a better understanding of the poppy. This flower that had its origin in Europe is really beautiful. It is a medicinal herb that contains morphine and various kinds of biological sodas. Morphine has pain-easing, cough and dysentery-curing effects, and floripavine has a curing effect on breast problems; therefore, the poppy is a kind of medicine helpful to mankind, unlike snakes or scorpions that poison mankind. It is only some people that do harm to mankind. The snakes and scorpions in mankind are none other than some foreigners, who are praised as possessing progressive civilization by the authors of "River Elegy." Theirs is a blue civilization, which is rich in enterprising spirit, according to them. It was those foreigners who presented the juice of such a beautiful poppy first as a "gift" and next as a poison to China. Why did they have present such a marvellous gift to China? Because the so-called "humanism" [ren dao zhu yi 0086 6670 0031 5030] such foreigners pursued was a way of robbing the poor to pay the rich. They had suffered trade deficits with China; therefore, they had to make it up by selling opium. Data provided in "A Modern Chinese History" by Fan Wenlan [5400 2429 3482] shows: In 1825, China's export volume to Great Britain was 14.401 million taels, whereas the latter's export volume to China was 15.931 million taels, of which, opium accounted for 76.08 million taels. Without the opium trade, Great Britain would have suffered a deficit of 6.077 million taels. In 1833, Great Britain had a favorable balance of 8.388 million taels, according to the same calculations. Therefore, we can see that the opium trade was the lifeblood of Great Britain. Should this lifeblood have been cut off, it would have posed a problem for Great Britain's development and prosperity. That was where opium came in as a gift to China. The Chinese generally would not believe others to be bad sorts, while there were many good people among foreigners. However, their rulers were never so kind-hearted as to help the backward Qing Dynasty with their progressive civilization. They harped on human rights and liberty, and regarded them as weapons for their advance, aggression, and conquest. In actual fact, they never talked about human rights and liberty to the objects of their exploitation, plunder, aggression, and conquest. Their interest was in their being the exploiters and oppressors, and others being the prey, how to plunder the colonies, and how to carve up China. What they wanted was the freedom to send opium to the Chinese, but they would never allow the Chinese freedom to prohibit their selling opium to poison the Chinese. What they took away from China was silver,

but what they sent to China was a small lamp in a dark room, which served to weaken and impoverish the people. A righteous Englishman (Martin) [ma er ding 7456 1422 0002] said: "Opium has deteriorated, lowered, and destroyed the spiritual life of unhappy people; moreover, it has poisoned and ruined their health. Opium-traffickers are always presenting new sacrifices to a cannibal deity, while the Englishmen who killed the Chinese, and the latter, who committed suicide with opium were competing with each other to present sacrifices on the sacrificial altar." Beautiful poppies became a cannibal deity in foreigners' hands, with their guns attacking China's gate, and they forced unequal treaties on China, ceding Hong Kong, and China reduced to a semi-colony. That was one aspect of the "progressiveness" and "enterprising spirit" of the blue civilization, which could be rather conspicuous and powerful. It followed that in the 1980s, Liu Xiaobo arrived at the following conclusion: China should have remained a colony for 3 centuries "to realize a genuine 'historical change.'"

Opium had injured China for some 3 centuries since it was imported to China in huge quantities from the 17th Century until the founding of the PRC in 1949. During that time, Lin Zexu [2651 0463 1776] emerged and burned at Humen, 2,376,254 million jin of opium to ashes in a single action, which lasted 12 days. That was a great action in Chinese history of banning opium-smoking and the opium trade, and even in the world history in the war against drug-trafficking. That action alone deserves volumes of historical theses. It was impossible, however, for Lin Zexu to burn the stupidity and decadence of the rulers of the Qing Court. He failed, thus the Chinese people represented by him failed. Lin Zexu himself was removed from office, punished, and was sent into exile in Xinjiang. We could not expect too much of the rulers of the Qing Court, because the Qing Government was so corrupt! But we did not expect that in the 1980s, the same national hero who waged a struggle against imperialist aggression to be ridiculed by a number of self-claimed "elite," is it not a tragic, and despicable thing to sigh for!

Drugs that had injured old China deeply for a long time were eventually banned with the founding of the PRC. That was a great meritorious service of the Chinese revolution and a major event that tremendously helped the Chinese nation. It is a pity that in the course of reform and opening up in recent years, drugs have been imported to China along with "pernicious pornography," by taking the loopholes of our relaxation in guarding against them. They have hurt China together with the sediments of other vices surfacing once again. Times are different, the Chinese people have stood up. Some foreigners with ill intentions have never given up their hope to turn China into their object to be annexed, and to seize huge profits from. However, there is a world of difference between the times of New China and those of the northern warlords and the Kuomintang reign. Exporting things pernicious to China can only be vain

attempts. So long as we remain sober-headed and firm, the "six vices" will eventually be mopped up. China with its vast territory should be a clean and healthy place! All helpful things in the blue civilization should be taken enthusiastically. Even if foreign pebbles can be referred to in carving the precious stone, building socialism with Chinese characteristics. Should those pebbles fail to serve China in building socialism, but hurt China instead, we should naturally throw them away. It all depends whether they are favorable, helpful, and useful to us or not.

Article Details Party Member's Contributions

HK1801033790 Beijing RENMIN RIBAO in Chinese
12 Jan 90 p 5

[Article by Zhang Qing (1728 3237): "Lian Dexi Has the Party on His Mind"]

[Text]

4,660 Yuan Handed to the Party

Not long ago, in an activity organized by the Highway Management Station of Tongshan County, Jiangsu Province, veteran party member Lian Dexi handed in 1,300 yuan to the party branch.

This is not the first time Uncle Lian has done this. It is clearly recorded in the red book, which he treasures: In June 1986, I paid 2,000 yuan in membership fees. In March 1987, I paid 760 yuan in membership fees. In July 1989, I paid 600 yuan in membership fees.

By a rough calculation, he paid a total of 4,660 yuan of membership fees to the party in four years.

Lian Dexi is not a millionaire. He is only an ordinary gate keeper. His monthly wages and bonus are less than 130 yuan. It has not been easy for him to save 4,660 yuan. Even if he has spent no money on food and clothing, it would have taken him three to four years to save it.

Although Lian Dexi is single. There are many things he needs to spend money on. He has lived in the gate house of a warehouse for more than 10 years. There is only one table and one bed in this house. Bed sheets have been patched and repatched. The cotton in the sleeves of his coat, which his nephew made for him, can be seen. His relatives always come and see him..... Does he not have to spend money on any of these things?

Meng Guangyi, secretary of the station party branch, has urged him many times: "You have already paid a lot. Please keep this 1,300 yuan for yourself. You have already been good to the party. Everyone sees this. You are 56 years old now. It would not be convenient for you if you have an occasional headache or fever....."

However, Lian Dexi always shakes his head and says: "I am always aware of this and I have my own plan."

What is his plan? Let us listen to what he says.

"How Can I Forget My Oath?"

"When the party is in trouble, I have the responsibility. When the party makes an appeal, I must take action." This is what Lian Dexi always says. No one says he takes the moral high ground because what he does is better than what he says.

Lian Dexi joined the party in 1952 at the age of 18. He was a veteran cadre during the land reform. Once he was a team leader in his old home. In those days when he was in the village, he did not lag behind others in everything, such as during the periods when the state monopolized purchasing and marketing and when China aided Korea and opposed the United States. Whatever appeal the state made would make Uncle Lian unable to sleep for several nights.

Although several dozen years have passed, the scene of the day he joined the party is always vivid in his mind. "When I joined the party, 12 persons and I made an oath before some 500 people who came from the district and before the party flag by saying: 'We will strive for communism all our lives.'"

When mentioning the past, Uncle Lian says: "We do not say something and then forget all about it. We used to shun famine and ask for food, but now we are much better off. We will not forget how these good days have come by. We must not forget what we have pledged.

Uncle Lian did not receive much education; however, under all circumstances, he always speaks in a word-by-word manner: "We should do and say something that benefits the party and the people, but must not do or say anything that is not in the interests of the party and the people."

He is a gate keeper and his duty is to maintain security. However, he cannot stop raising lambs, growing vegetables, and planting trees in the vacant and unused space of the warehouse. He gives his vegetables to the station canteen without asking for money and his lambs to the road maintenance workers to relieve them of their hard work. He fells his trees to make chairs for the station. He works hard without seeking his own gains.

He is honest in carrying out his duties. Each year, the station imports more than 140,000 yuan of goods and materials. None of them have been lost or missing in 10 years. He will not tolerate anyone who attempts to use a single screw that belongs to the public. Leaders of the station say: "There is no problem leaving this door to the care of Uncle Lian."

"We Should Work Hard for What the Party Has Called Us To Do!"

Lian Dexi's nephews and nieces always say he does not know how to enjoy his life. They urge him to spend more money on clothes. But Uncle Lian says: "I am very well this way. Spend your money where it is most needed!"

Uncle Lian did not receive much education, but he likes to learn. In a few days after the notice of the 13th CPC Central Committee was published, he had read it 8 times from beginning to end.

The 15th day of each month is a special day for Uncle Lian. On this day, the station celebrates the party day. He always gets up early and hurries to the station which is 30 li away.

Is it this important at all for a gate keeper to study those documents and spend party days?

"Why not? When I associate with the organization, I will know more about the affairs of the station and those of our country. Only when my attention is on important matters can I consciously work hard for the things the party calls us to do!"

When Uncle Lian heard over the radio that our country was in difficulties and that our party called on us to lead a thrifty life for several years, he subsequently handed over every cent he had saved to the party organization and said: "We should do everything possible to resolve the difficulties of our country."

Someone laughed with his hand covering his mouth and said: "What is the use of this little money?"

Uncle Lian took hold of this fellow and did not let him go. He said: "If everyone in the country shoulders some responsibility for the country, will the country be less burdened? If the great river does not have water, small rivers will be dry. The interests between the state, collectives, and individuals are closely linked together. Nowadays, few people say this and some people have even forgotten it. But I have never forgotten this!"

Uncle Lian has not only heard of some bad party members, but has also gotten along with them. Nonetheless, he has never changed his love for the party.

"In What Way Can He Represent the Party?"

One day, a station-in-charge wrote out an IOU and asked someone to fetch oil buckets from Uncle Lian. But Uncle Lian did not give them to him and said: "I do not accept an IOU, only the requisition slip." Someone came to persuade him, saying: "He is the station-in-charge. You have to be careful!" Uncle Lian replied: "It is my duty. I will not give way!" The station-in-charge later came and threatened him by saying: "Give them to me or give me your key!"

Uncle Lian went mad, saying: "This key has been given to me by the party. I must be responsible for it. If this key is handed to a guy like you, I will not be at rest!" He kept his temper, however, and the station-in-charge also left him, feeling disappointed.

With malicious intentions, someone said: "See what this government official has done!"

Disagreeing with him, Uncle Lian said: "There are so many party members and cadres. Who can promise they are all good? What's more, how can he represent all government officials? How can he represent the party?"

Uncle Lian is in high spirits in these days and is particularly happy. Whenever he sees his friends, he says: "Do you know what is going on? The central authorities are strict with these cadres now!"

Uncle Lian was extremely troubled during the late spring and early summer: "If it goes on like this, it will certainly bring an end to the great cause!" When social order was restored, Uncle Lian was very happy again. This time, he paid 1,300 yuan in membership fees.

Economic & Agricultural

Rumours Circulate on Renminbi Devaluation

Said 'Groundless'

OW2201121790 Beijing XINHUA in English
1205 GMT 22 Jan 90

[Text] Beijing, January 22 (XINHUA)—A Chinese trade official has ruled out the possibility of a further renminbi devaluation in the near future.

At a press conference here today, Liu Xiangdong, spokesman for the Ministry of Foreign Economic Relations and Trade, described outside rumors of another major move in devaluating the country's currency as "totally groundless".

Liu said China's readjustment in the exchange rate of the renminbi from December 16, last year, brought the currency closer to its real value and will help promote exports and business ties with foreign partners.

Although China will expand its exports this year, Liu added, there is no need to continue adjusting the renminbi's exchange rate in the near future.

Foreign Businessmen Fear Loss

HK1701031390 Hong Kong HONGKONG STANDARD
in English 17 Jan 90 p 1

[By Cheung Po-ling]

[Text] Hong Kong and foreign businessmen in China are selling all their renminbi as speculation of a second yuan devaluation lingers.

Fears of another loss in value loomed as widespread rumours circulated of an official announcement "very soon".

Sources in Beijing said the announcement would be made today or tomorrow.

Others sources said they expected it would come before the Lunar New Year on January 27.

In Beijing, speculation differs about the percentage of devaluation. One source said 25 percent would be the minimum while another said it would be lowered 10 percent in value.

When the renminbi was depreciated by 21.2 percent on December 16, the first drop in three years, a spokesman for China's State Administration of Exchange Control said the devaluation was to bring the currency near the black market exchange rate.

Sources said Beijing had planned to depreciate the yuan by 50 percent so it would exchange at almost the same rate as it did on the black market: one Hong Kong dollar to one yuan, which was the lowest level recorded in 1988.

They also said the drop in value was being pursued to control rampant inflation.

They said the first devaluation was only 21.2 percent because Beijing was adjusting the rate gradually to avoid serious disruption of China's economy.

"A devaluation of more than 25 percent is highly likely if the Chinese government really wants to bring the yuan more into line with its real value," one source said yesterday.

But those who tipped a 10 percent decrease said there would be a third adjustment within a few months to complete a 50 percent drop.

Foreign businessmen responded quickly, keeping as little renminbi as possible, sources said.

Many have gone to the coastal regions to buy goods or have sold it to other foreigners.

Black market trading in hard currencies has dropped dramatically. Only a few foreign tourists bought small amounts of renminbi yesterday, according to Beijing traders.

"Everybody is holding a wait-and-see approach and have suspended any trading until the formal announcement," said a trader.

"But I think if the yuan dropped again, the demand for foreign currencies, such as the U.S. dollar, would be further curbed since the locals just could not afford to pay eight or nine yuan to buy one U.S. dollar."

Since Premier Li Peng imposed a tight-credit policy to cool economic growth and 25 percent inflation, the demand for foreign currency has been substantially lower and inflation has dropped to 10 percent.

Central Bank To Keep Tight Rein on Money, Credit

HK1301015290 Beijing CHINA DAILY in English
13 Jan 90 p 2

[By staff reporter Wang Xiangwei]

[Text] China's Central Bank chief Li Guixian said yesterday that the government will continue to keep a tight rein over monetary and credit supplies in 1990.

Li, governor of the People's Bank of China, told a national banking conference in Beijing that great efforts should be made to further improve macro-management and adjust the structure of credit funds to ensure loans to key areas such as the infrastructure and exports.

Li said that the size of loans this year is expected to be lower than last year.

"All the financial measures to be carried out this year should be instrumental to lowering inflation and to centralized management so as to strengthen the macro-regulatory functions of the central bank," said Li who is also State Councillor.

However, Li said, the banking system still faces enormous difficulties because on the one hand the demand for credit is still great and on the other hand the sources of credit for the banking system will probably decrease this year.

"The goal for the austerity is far from achieved as we look at the serious shortages of energy and raw materials as well as sources of credit for the banking system," Li said.

Meanwhile, Li called for further efforts to improve management of the foreign exchange swap centres and strictly control the size of foreign debts, which totalled \$40 billion by the end of last June.

Li said that the banking system should also actively develop relationships with its foreign counter-parts, particularly with the International Monetary Fund and the Asian Development Bank.

He said last year China's austerity measures, including the tight credit control, paid off in cooling down the overheated economy and driving down inflation.

He said that overall economic development is moving in a good direction with the growth rate of the gross national product averaging 4 percent.

He said that both the monetary and credit supplies were brought under control last year, and that bank deposits by both urban and rural residents posted a major rise of 133.4 billion yuan (\$28.4 billion) for the year, with the total deposits rising to 510 billion yuan (\$108 billion).

Li said this year the banking system will continue to control the total volume of monetary and credit supplies and make appropriate adjustment of credit loans in order to ensure enough funds for key projects while clamping down on ordinary ones.

He listed the major policies and measures to be pursued this year as the following:

- To mobilize great efforts to adjust the structure of credit funds. According to the State's industrial policies, loan priorities should be given to the development of the national economic infrastructure, such as agriculture, energy, communications, and raw materials; the production of medium-sized and large enterprises; exports; key capital construction projects, and the production of daily living necessities.
- To strengthen the management of enterprises' cash flow.
- To continue the efforts to increase the deposits.
- To enhance the financial legal system. Li said the banking law now being drafted should be completed by the end of this year.

The national banking conference, which opened yesterday and will continue to next Thursday, is being attended by representatives of the country's seven major banks.

More than 900 bank directors and managers are participating in the conference.

Paper Predicts Sluggish Retail Market Recovery

OW0701132790 Beijing XINHUA in English
1248 GMT 7 Jan 90

[Text] Beijing, January 7 (XINHUA)—China's sluggish retail market is expected to recover in the second quarter of this year and lead to a mounting demand that will outgrow the supply of some daily necessities in the second half of the year, "CHINA DAILY" reported today.

The paper said an official with the State Planning Commission based the forecast on the fact that potential purchasing power in the country this year is estimated at 680 billion yuan (144.7 billion U.S. dollars).

With the slow market of the past six months greatly slashing domestic production, supplies are likely to lag behind the predicted mounting demand in the second half of this year, noted Lai Guangxian, deputy director and senior engineer of the Economic Information Department under the commission's State Information Center.

The planned cuts in imports of household electric appliances due to the country's foreign-exchange shortage will further reduce supplies and drive up demand, he predicted.

The drop in exchange rate between renminbi yuan and foreign currencies by 21 percent will be helpful to the country's exports, but it will add restraints to imports. The imports of high-grade household electric appliances will be affected the most, he said.

The situation has been anticipated by enough buyers to precipitate small-scale buying sprees in some places recently, Lai said.

Over 20,000 video-recorders, most of which are imported ones, were sold out in Shanghai in November last year, which was an increase of 120 percent over the previous month in the city.

In the fourth quarter of last year, a dormant market forced a large number of expensive goods producers to cut and even stop production.

According to the State Statistical Bureau, from January to November last year, production of color television sets, tape recorders, cameras, washing machines and refrigerators dropped by 4.5 percent, 3.8 percent, 12.8 percent, 18.2 percent and 4.5 percent respectively over the same period in 1988.

Anticipating a mounting demand late this year, state commercial department have started purchasing these products for storage in order to meet the demand, Lai said.

The overall sluggish market did not mean that all consumer goods lacked buyers, he noted.

Lai said that foodstuffs, fuels and farming materials have been in short supply for a long time.

Supplies of grain, sugar, eggs, meat and cooking oil are still rationed, he said.

The country still needs to import a large amount of chemical fertilizers and pesticides, he added.

Circular Orders Government-Run Companies Closed

OW1001114990 Beijing XINHUA Domestic Service
in Chinese 1409 GMT 5 Jan 90

[Text] Beijing, 5 Jan (XINHUA)—The State Council General Office recently issued a circular on closing companies run by offices set up by governments at different levels in areas not under their jurisdiction and on closing companies run by offices of economic cooperation.

The circular says: Offices set up by governments at different levels and by departments of the central state organs in areas not under their jurisdiction, and offices (commissions) of economic cooperation at different levels, are government administrative agencies. Offices set up by governments at different levels and by departments of the central state organs in areas not under their jurisdiction must not operate companies, openly or in disguise. Companies already set up will be closed without exception. Offices (commissions) of economic cooperation under local people's governments must not engage in any form of business activities for the purpose of making a profit. They must not operate companies, openly or in disguise. Companies already set up by offices (commissions) of economic cooperation of various counties or county-level cities will be closed. Companies already set up by offices (commissions) of economic cooperation of various provinces, autonomous regions, municipalities, and cities with provincial-level

economic decisionmaking authority will, in principle, also be closed. A few companies set up by offices (commissions) of economic cooperation at the provincial level which are performing truly well may be retained with the approval of the relevant provincial and municipal government. However, the retained companies must be completely financially separated from the offices (commissions) of economic cooperation, and must report this to the administrative departments for industry and commerce at the higher level for record.

The circular stipulates: The government organ in charge of government offices set up in areas not under the government jurisdiction and in charge of offices (commissions) of economic cooperation will take charge of the disposal and closing of the two types of companies mentioned above and will take charge of the handling of the problems resulting from their closure.

The circular asks leading groups at different levels in charge of consolidating companies to strictly screen the two types of companies mentioned above. The administrative departments for industry and commerce must strictly enforce the provisions of this circular and refuse to conduct annual inspection and accept the reregistration of companies continuing to operate in violation of the provisions of this circular.

New Construction Projects Decline in 1989

HK1801010290 Beijing CHINA DAILY in English
18 Jan 90 p 1

[By our staff reporter Zhang Ping]

[Text] The government's efforts to cut back on capital construction has resulted in a major decline in the new projects launched in the country last year, CHINA DAILY has learned.

According to information released by the State Statistics Bureau, the number of new projects registered in the first 11 months of 1989—with investment over 50,000 yuan (\$10,600)—was 12,000, a decrease of 50.2 percent from the previous year. While innovation projects last year totalled 2,000 a drop of 70 percent from 1988.

In 1988, new projects accounted for 40.4 percent of the country's total investment in capital construction, but last year it dropped to only 20.7 percent.

Experts said that thanks to the tightening of investment in new projects, disorder in the capital construction market has been brought under control.

Till the end of last November, the total investment of the projects was 772.2 billion yuan (\$163.6 billion), some 2.7 billion (\$572 million) less than the previous year.

So, the experts said, this has helped to ease the years' long trend of the sharp increase in the country's total investment on capital construction.

China began its austerity policy late in 1988 in a bid to ease the overheated economy and high inflation rate.

Cutting down capital construction has been regarded as a "vital step" in fulfilling the austerity programme.

Experts in the State Statistics Bureau said that of these newly-launched projects, 60 percent were industrial projects with a total investment of over 18.04 billion yuan (\$3.82 billion).

They said that improvement in the investment structure is useful for the further adjustment in the investment structure.

But they also pointed out that the new projects on energy, transportation and raw material industry accounted "too little" in the total industrial projects.

"There were only 835 projects in these essential sectors of the national economy, which badly need more investments," the experts pointed out, "they should get more than the 20 percent, as they now do, in the whole lot of industrial investments."

Meanwhile, however, there were some projects, whose construction was launched in disregard of the State control over such investments.

In the first 10 months of last year, the number of these "illegitimate projects" reached 2,712, with a total planned investment of over 3 billion yuan (\$636 million). This was many times the 536 million yuan (\$114 million) of investment in new agricultural projects last year, which accounted for only 3 percent in the total capital construction in 1989.

In order to meet the requirements of continued cutback on capital construction this year, experts in the State Statistics Bureau suggested that more rigid measures should be taken to control the new projects. Any major projects should not start construction without the approval of the State Council.

1989 Textile Exports Exceed 1988 Total

OW1501120390 Beijing XINHUA in English
1125 GMT 15 Jan 90

[Text] Beijing, January 15 (XINHUA)—China exported 13 billion U.S. dollars worth of textiles and garments in 1989, 10 percent more than in the previous year.

Addressing a national conference on agriculture, Wang Zhenjing, vice-minister of the textile industry, said textile exports represent a quarter of China's total export receipts, which makes textiles China's largest export item.

Wang said the good harvests of jute, ramie, wool and silkworm cocoons in recent years have provided ample raw materials for the steady development of the industry.

According to plans drafted by the ministry, China will produce eight million tons of textiles by 1995. Sixty-eight percent of them will be processed from cotton, silkworm cocoons and other natural products.

He called for closer attention to the production and quality of raw materials, and said production bases should be built throughout China to ensure the steady development of the industry.

XINHUA Criticizes Singapore Trade Shows

OW1501094590 Tokyo KYODO in English
0815 GMT 15 Jan 90

[Text] Singapore, Jan 15 KYODO—China's official XINHUA NEWS AGENCY has criticized Chinese corporations for holding too many trade fairs in Singapore, a major Singapore financial newspaper reported Monday.

The fairs have been economically wasteful and politically harmful to Hong Kong's future, THE BUSINESS TIMES quoted the XINHUA report as saying.

The report was filed for decision-makers in agencies controlled by the State Council, China's cabinet. It said one fair a month has been held in Singapore during the past year.

The fairs often displayed similar products and were of limited variety, the report said. It also said the increase in the number of Chinese trade fairs and exhibitions in Singapore could help Singapore's bid to replace Hong Kong as an international trade center.

According to the daily, Singapore is trying to lure capital and talent from Hong Kong to become a major financial, telecommunications, exhibition and shipping center in Asia.

Vice Premier Tian Jiyun Views Rural Enterprises

OW1401193590 Beijing Domestic Service
in Mandarin 1030 GMT 9 Jan 90

[From the "National Hookup" Program]

[Text] Tian Jiyun, vice premier of the State Council, recently stressed that the development of rural enterprises has great significance in revitalizing the rural economy and promoting national economic and social development, and that the general and specific policies formulated by the central authority since the 3d Plenary Session of the 11th CPC Central Committee for developing rural enterprises will remain stable and unchanged.

Tian Jiyun stated this in a congratulatory message to the national rural enterprises work conference which ended in Beijing today. Tian Jiyun said: Last year, rural enterprises nationwide underwent a new test during improvement of the economic environment, rectification of the economic order and deepening of reform. They have

accumulated new experiences and prevailed over difficulties during the drive forward, and have accomplished steady growth.

On behalf of the State Council, Tian Jiyun extended his warm regards to the 90 million workers of rural enterprises nationwide. He expressed the hope that the vast numbers of cadres and workers of rural enterprises at the frontline will seriously study the guidelines of the 5th Plenary Session of the 13th CPC Central Committee, implement the policies for regulating, rectifying, reorganizing and upgrading rural enterprises, and continue to work hard to bring about the healthy development of rural enterprises during the new year.

Bo Yibo Discusses Developing Rural Enterprises

*OW1401113490 Beijing XINHUA Domestic Service
in Chinese 1229 GMT 11 Jan 90*

[By RENMIN RIBAO reporter He Jiazheng (0149 0502 2973) and XINHUA reporter Ma Chengguang (7456 2052 1639)]

[Text] Beijing, 11 Jan (XINHUA)—Bo Yibo, vice chairman of the Advisory Commission of the CPC Central Committee, cordially met today at Zhongnanhai with outstanding peasant entrepreneurs, responsible persons of provincial departments of town and village enterprises, and representatives of rural enterprise directors or managers after they had attended the inauguration of the China Town and Village Enterprise Association. Bo Yibo delivered an important speech in which he explained how town and village enterprises should be developed soundly in the course of improving the economic environment and rectifying the economic order.

Bo Yibo said: Town and village enterprises are a new force suddenly coming to the fore, and their development is a strategic task. I am very pleased that the China Town and Village Enterprise Association was inaugurated today. He said: The 1990's will be the most important and crucial period for China's economic development. In order to double our output value and to become well-off, we need only to maintain a 6 percent growth rate. However, it will be impossible to attain this goal if we fail to develop town and village enterprises.

Bo Yibo said: After 10 years of hard work, town and village enterprises have secured a firm foothold. In the course of improving the economic environment, rectifying the economic order, deepening the reform, and improving themselves, town and village enterprises have not only withstood the test, but have also achieved steady development. An economic structure has been set up with agriculture as its foundation and town and village enterprises as its pillars. Town and village enterprises have become an important component part of the national economy, as well as a major job market for the surplus rural labor force. They are an important prop for the development of agriculture, particularly the development of grain production, and the major way by which to increase the peasants' income. They are an important

source of state revenues, an important force in export trade, and an important supplier helping to increase supplies in society. They are also an important force in promoting the construction of small towns and the building of the spiritual civilization, as well as an important way to build socialism with Chinese characteristics.

He said: To develop urban and rural industry in a coordinated way is an important task in the new period, as well as an important step in consolidating the worker-peasant alliance and integrating the urban and rural economies. We should enhance our understanding of rural industrialization, promote and support it, and record still greater achievements.

Bo Yibo said: Of course, town and village enterprises also have encountered various problems in the course of development. I hope that the comrades of town and village enterprises will work hard to overcome these difficulties in accordance with the demands to improve the economic environment and rectify the economic order, make still greater progress, do an even better job, and achieve a steady and sound development of town and village enterprises.

During the meeting, Bo Yibo accepted with pleasure the representatives' request for him to serve as the honorary president of the association, and posed with them for a group photo.

Articles Stress Roles of Factory Workers

Textile Firm Praised

*HK1401071490 Beijing RENMIN RIBAO in Chinese
8 Jan 90 pp 1, 2*

[Article by Wang Jinliang (3769 6855 5328), Zhu Yaoshong (2612 5069 1813), and Chen Wenke (7115 2429 4430): "We Workers Are Powerful—An Account of How Cui Zhicai, Manager of Shijiazhuang No 2 Printing and Dyeing Factory, Runs the Factory"]

[Excerpts] This is an inspiring scene:

It was the height of summer, workers in the workshop, soaked to the skin with sweat, were working on some export items against the time despite high temperature of 43 degrees Celsius. Moved by the scene, factory director Cui Zhicai "issued an order": Turn off a production line and increase the volume of cold air. The workers defied the order to ensure the task would be accomplished in time. Being impatient, the director wanted to cut in person the electricity supply for a production line, and turn on an air conditioner. The workers ran over and grasped the director by his hand, saying that we cannot afford to allow a production line to stand idle. Several pairs of hands laid hold of each other so tightly that the director could not help crying. Tears in eyes, he took bowls of mung bean syrup to the workers...

The above was a true story taking place in the Shijiazhuang No 2 Printing and Dyeing Factory in August 1988.

But the situation here was entirely different 3 years ago: The factory's expenditure was shooting up, the electricity and water supplies were not ensured; complaints of the workers who had been laid off after "reorganization of labor" were heard everywhere; some people stole products; and others even went so far as to cut the rubber shaft for dyeing which cost several thousand yuan. A major state-run factory with a staff of 1,600 and 30 million yuan fixed assets was at risk.

On 26 December 1984, the SHIJIAZHANG RIBAO carried an advertisement by the Shijiazhuang No 2 Printing and Dyeing Factory for a factory director

Cui Zhicai turned out a successful applicant for the post. He was an economic expert, a worker in early 1950's, had joined the army, studied in the Correspondence Class run by the People's University of China Economic Administration Department and graduated in 1963, and had been appointed director of a political department, chairman of a trade union, and deputy chief of a factory.

On 16 January 1985, Cui Zhicai, carrying his bedding roll on his back and a mess tin in hand, came to the Shijiazhuang No 2 Printing and Dyeing Factory and immediately mixed with the crowd who welcomed him.

Factory Chief and Workers Are Members of a Family

Cui Zhicai has never simply treated workers as labor force. He established ties with the workers as closely linked as flesh and blood. [passage omitted]

Establishing a Rational Distribution Mechanism

The slogan of relying upon workers to run enterprises has been raised for many years, but why have we failed to turn it into reality? Is it because workers have no love for their enterprises? "No," Cui Zhicai, who began life as a worker, immediately gave a negative reply to this question. He thought over the question again and again. Based on his experience, he faintly felt a certain force which played a major role. The system of "equalitarian treatment of individuals regardless of their performances" could only cause people to become lazy, while unreasonable income gaps caused them to become "cunning." He gradually realized that without reasonable distribution system, the proposition of "relying upon workers to run enterprises" would remain empty talk. Therefore, he and his colleagues began to carry out reform of the distribution system. [passage omitted]

"Three Leaders" Are of One Mind

Cui Zhicai did not carry out the reform single-handed. The workers said that the No 2 Printing and Dyeing factory has "three giants": besides Cui Zhicai, they have party secretary Mu Shirong, and trade union chairman Liu Jiming.

The three "held discussions whenever they were in a room." The workers said with humor in reference to them: "Our 'three giants' are just like sweethearts head over heels in love."

Mutual concern, coordination in work, and conscientiously taking the blame for any losses or mistakes are the characteristics of their relationship.

"Workers in the garment workshop have downed tools!" The news got around one day in March in 1987. It happened that some workers did not understand the decision to switch the garment workshop to the manufacture of other products, and transfer the workers there to the flocking workshop, so they defied the order.

In 10 minutes, a joint meeting of party cadres, trade union representatives, and administration cadres was held. Party secretary Mu Shirong spoke first: "I should be mainly held responsible for this incident. I am to blame for not doing ideological work properly." Hardly had he finished when trade union chairman Liu Jiming said: "I am to blame for not keeping the channel to the workers unimpeded." At this time Cui Zhicai stood up: "Nobody is to blame for this, except me. I was not meticulous in my work."

Early the next morning, the "three giants" stood at the doorway of the flocking workshop ushering workers into the workshop one by one.

To do a good job in relying upon workers to run the factory, Cui Zhicai has always attached great importance to ideological and political work. When it was a prevailing practice to "reduce political workers," he transferred two key members of the political work section to the party committee propaganda department. When the party committee planned to carry out activities, he arranged time for them in advance; when the party committee wanted to organize study, he made sure that every worker was present. He said: "Ours is a socialist enterprise, we would suffer sooner or later if party leadership was ignored." Party secretary Mu Shirong emphasized that political workers should go down to workshops, teams, and groups to do ideological work. The party committee carried out activities to choose "10-good party members [party members who acquitted themselves well in 10 respects]" through public appraisal, and the trade union also chose "10-good workers." It was through these vivid activities that the factory was able to greatly enhance the political consciousness of workers. The unity between the "three giants" was also strengthened for their common desire to rely upon workers to run the factory. Party secretary Mu Shirong said: "Cui Zhicai has great ability, unusual courage and resourcefulness, and is good at administration. We respect him not only because we respect him as an individual, but also for the purpose of running the enterprise properly."

"To rely on the working class to run enterprises, it is necessary to rely upon the vanguard of the working class, rely upon the party committee, and rely upon the party secretary," Cui Zhicai said.

The trade union chairman has his own understanding: "To run enterprises, we have to defend the authority of

the factory director, because he is the backbone of the working class and he exercises administrative powers on behalf of workers."

Reform means relying upon the working class to run enterprises in a more effective way. The party, administration, and workers of the Shijiazhuang No. 2 Printing and Dyeing Factory are singing this theme song in chorus.

Commentary on Strong Points

HK1401072290 Beijing RENMIN RIBAO in Chinese
8 Jan 90 p 1

[Commentator's Article: "This Is Our Strong Point"]

[Text] The report entitled "We workers are powerful," which gives an account of how Cui Zhicai, factory chief of the Shijiazhuang No 2 Printing and Dyeing Factory, relied upon workers to run the enterprise," gives us important enlightenment. We felt inspired after reading it.

How can we overcome the temporary difficulties in the economy? How should we deepen the enterprise reform? How can we insist on the socialist orientation in carrying out the reform and open policies? What the Shijiazhuang No 2 Printing and Dyeing Factory has done gives us a clearcut answer of fundamental nature to all these major and urgent questions. That is: We have to rely upon the working class heart and soul. This is where our strong point lies.

"We workers are powerful!" We have sung this song for many years. Relying upon the working class heart and soul is determined by the nature of our party, and is also our party's fine tradition. The problem at present is how we can sing this song more loudly when we are carrying out the reform and open policies, and furnish it with new contents.

The experience of the No 2 Printing and Dyeing Factory shows us that in order to truly rely upon the working class to run the factory, it is necessary: to implement a distribution system which can arouse workers' enthusiasm for production and enable all workers and staff members to close ranks; to gradually improve the system under which workers are able to participate in the management of the enterprise and supervise cadres' operation; to strengthen and improve ideological and political work to enhance the sense of responsibility of workers as masters of the enterprise; and to have the well-being of the masses at heart so that the workers are willing to "throw in their lot with the manager." At the same time it is necessary for the factory administration with the factory chief acting as its representative, the party with the party committee secretary acting as its representative, and the workers with the trade union chairman acting as their representative to form an organic whole and share the work and cooperate with one another to promote production and raise material and cultural levels from different angles.

In a socialist state-run enterprises, the broad masses of workers are the main body of productive forces as well as masters of the enterprise. This double status of the workers is exactly the strong point particular to socialism, and also exactly the internal motive force by which China's social productive forces are likely to develop rapidly. We must have a thorough understanding of this strong point and keep a firm grip on it so that we can do a good job of the economic improvement and rectification and deepening of the reform.

Some people have the following misunderstanding: Only when we incessantly introduce major reform measures can we deepen the reform. In fact, it is also important to deepen the reform by improving the existing reform measures and by trying to achieve practical results in carrying out the measures. Just think how much remains to be done in making a success of replying upon the working class to run the enterprise.

We believe there are good factory chiefs like Cui Zhicai in many factories, and many enterprises enjoy the same good experience as the No 2 Printing and Dyeing Factory. Let us bring our strong point into full play in light of the spirit of the party's fifth plenum and push forward step by step the economic improvement and rectification and deepening of the reform.

Zou Jiahua Stresses Steel Plans Fulfilled

OW1601192490 Beijing XINHUA Domestic Service
in Chinese 1309 GMT 14 Jan 90

[By reporter Gu Honghong (7357 3163 3163)]

[Text] Beijing, 12 Jan (XINHUA)—Speaking at a national conference on metallurgical work here today, State Councillor Zou Jiahua stressed that all industries and trades should adopt an overall point of view and give top priority to the interests of the country and society.

He said: The overall interest of the country's economic work today is in readjusting the imbalance of our economic structure and in establishing a structure under which the economy will grow steadily and in coordination. The steel industry is an important basic raw material industry of the national economy. It affects the development of agriculture, industry, communications, the national defense industry, and the entire national economy. In light of this, the steel industry should all the more adopt an overall point of view. The adoption of an overall point of view by the steel industry is reflected in its implementation of state plans and fulfillment of their contracts on the delivery of state products earmarked for unified distribution. Zou Jiahua believes that most of the steel enterprises have done a good job in this regard.

Zou Jiahua said: The central authorities recently decided to implement the "double guarantee" system among large enterprises occupying important positions in the national economy to ensure sustained economic growth.

Under the "two guarantees" system, the state will guarantee the external conditions of the large enterprises and the large enterprises will guarantee the fulfillment of the state plans. The purpose of the system is to support the development of large and medium-sized enterprises. Zou Jiahua said that steel enterprises constitute a considerable number in this category.

Zou Jiahua asked the Ministry of Metallurgical Industry to improve overall planning for China's steel industry and strengthen its management of the industry.

He Kang Affirms Socialist Large-Scale Farming

OW1601102290 Beijing XINHUA Domestic Service
in Chinese 1456 GMT 15 Jan 90

[By RENMIN RIBAO reporter He Jiazheng (0149 0502 0973) and XINHUA reporter Ren Zeli (0117 3419 0536)]

[Text] Beijing, 15 Jan (XINHUA)—Addressing a national conference on state farms and land reclamation today, Minister of Agriculture He Kang said: State farms and land reclamation departments must maintain political stability and unity and ensure the stability and continuity of policies. From now on, instructions should be requested and reports submitted on major reform policy changes. State farms and land reclamation enterprises under provincial authority should report such changes to the provincial government for approval, and those under the central authorities should report such changes to the Ministry of Agriculture for approval.

He Kang said: Since the 3d plenary session of the party's 11th Central Committee, several major reforms have been carried out by state farms and land reclamation departments, such as the financial responsibility system implemented on state farms and in land reclamation enterprises; comprehensive management of agricultural, industrial, and commercial operations; the running of farms by worker households and the operation of small farms; the management system of big farms consisting of small ones; the system of full responsibility for farm directors; the contract system of managerial responsibility; the development of collective and household economies under the premise that the public ownership economy plays the dominant role; and reform of the housing assignment system. Such systems support one another as an integral whole, bringing new vigor and vitality to state farms and land reclamation enterprises and promoting the development of production. Overall, the orientation of reform is correct, and its policies are successful. Thus, we have blazed a new trail with Chinese characteristics in running socialist state farms and land reclamation enterprises. We must maintain stability and continuity of policies in the reform of state farms and land reclamation enterprises and make continuous efforts to improve what is deficient in reform and then develop it.

He Kang pointed out: There are still misunderstandings and controversies over the running of farms by worker

households and over the system of full responsibility for farm directors. Worker household farms practice by nature the output-related contracted responsibility system, and they constitute a level of contracted production within state farms. This system should be upheld and improved. Appropriate, large-scale farming is the direction for development, but there must be conditions for this. The main condition needed is to develop the secondary and tertiary industries, and this must be done according to actual conditions in various localities. The central authorities have time and again pointed out in explicit terms that the system of full responsibility for farm directors should be continuously implemented and improved. We must act according to the decisions of the central authorities and must not lightly change them.

National Work Meeting on Agriculture

Meeting Ends

OW1701015590 Beijing XINHUA Domestic Service
in Chinese 1045 GMT 15 Jan 90

[By reporter Chen Yun (7115 5366)]

[Text] Beijing, 15 Jan (XINHUA)—According to the national work meeting on management of chemical fertilizers, farm chemicals, and plastic film for agricultural use under special cases, which ended on 15 January, the trend of demand for commodities and means of agricultural production will continue to grow in our country this year. However, the state has also arranged an increase in the supply of goods at the same time. Market supply is anticipated to grow at a steady pace; there will be no drastic fluctuation.

According to an analysis, if we want to promote agricultural development to a new level, we have to increase our input in agriculture. The total value of retail sales of chemical fertilizers, farm chemicals, and plastic film for agricultural use by the supply and marketing cooperatives throughout the country reached 50.4 billion yuan last year, posting a growth of 23 percent over the previous year. A preliminary estimate shows that a total of 64.5 million metric tons of chemical fertilizers, 420,000 metric tons of farm chemicals, and 250,000 metric tons of plastic film for agricultural use will be needed during the period of spring farming this year. The demand is higher than that for last year.

The plan arranged by the state shows that the supply of chemical fertilizers has increased. This, coupled with the existing stock carried by the supply and marketing cooperatives, will make the gap between supply and demand in the market smaller than last year. Regarding product range, the supply of chemical fertilizers of excellent quality still falls short of market demand. The shortage is felt even more acutely in some areas. Though there is a balanced total quantity for farm chemicals, the supply of dipterex, DDVP or dichlorvos, and rogor among pesticides still falls short of market demand. There is a basic

balance between supply of, and demand for, plastic film for agricultural use, which is in adequate supply.

Regarding the price of chemical fertilizers, farm chemicals, and plastic film for agricultural use, Pan Yao, vice minister of commerce, said on 15 January: The magnitude of the price increase of these three means of agricultural production decreased by 8.4 percent, 22.5 percent, and 41.3 percent respectively, though they still posted a comparatively big price increase of 16 percent, 27 percent, and 6 percent respectively, last year.

It is reported that, this year, the state will continue to implement the policy of stabilizing commodity prices, and has decided not to increase the price for the purchase of grain by contract, or of chemical fertilizers linked with contract grain purchase by the state and which are also linked with the sale of cotton under the incentive offer. The state, meanwhile, has decided that the existing subsidies granted by the financial departments of both the central and local governments to the means of agricultural production, as well as the requirements for their supply will not be canceled all alike. The factors that cause price increases will be solved by taking the measures of increasing subsidies, reducing taxes, or offering tax exemption, lowering the class of transportation, and so forth. In addition, the state has made arrangements for auxiliary funds. Therefore, the magnitude of price increases of chemical fertilizers, farm chemicals, and plastic film for agricultural use will continue to be lower than last year's.

Vice Minister Pan Yao said: The major tasks of the supply and marketing cooperatives and units specializing in management of means of agricultural production this year are perfecting their methods for management under special cases, improving their service system and supervisory mechanism, and making vigorous efforts to work fruitfully in providing supply. The current top priority tasks are to make proper preparations for the source and supply of means of agricultural production for spring farming; work successfully in purchasing, allocation, distribution, and regulation; and strive to ease the conflicts of imbalance between the structure of various product range and different areas. With approval from local governments, a portion of the chemical fertilizers, whose supply is linked with grain purchase and with the sales of cotton under the incentive offer, may be sold to the peasants in advance to ensure that their needs for production in spring farming are met.

Foreign Capital Sought

OW1701234890 Beijing XINHUA Domestic Service
in Chinese 2257 GMT 16 Jan 90

[By reporters Pu Liye (5543 4539 2814) and Wang Yanbin (3769 6056 1755)]

[Text] Beijing, 17 Jan (XINHUA)—According to information released by the national agricultural work conference held recently in Beijing, the state has attached great importance to agricultural production in recent

years. By seeking foreign investment and importing a large quantity of materials and technology for agricultural use, despite China's small foreign exchange holdings, the state has forcefully promoted the change of China's agriculture from traditional to modernized farming.

Agriculture is one of the major fields in which China puts foreign capital to use. In order to encourage foreign investment in China's agriculture, particularly in grain production, the state has formulated a series of special preferential policies. For instance, if foreign businessmen invest in China's agricultural undertakings, of which the profit is relatively low, the Ministry of Finance will entitle them to tax exemption in the first 2 years, 50 percent tax reduction in the third year, and 15-30 percent tax reduction in the 10 ensuing years. Statistics shows that, from 1979 to 1988, foreign businessmen directly invested in 853 of China's agricultural projects, and the total investment agreed upon amounts to \$906 million. By the end of 1988, China arranged 27 agricultural projects with approximately \$400 million in foreign loans. Those projects dealt mainly with agricultural infrastructural facilities, such as seeds and breeding stock farms; agricultural development items, such as chemical fertilizer production, refrigeration techniques, and the processing industry; and some high-technology agricultural undertakings.

In imports, the state always gives high priority to materials for agricultural use. From 1979 to 1988, China imported more than 130 million metric tons of materials for agricultural use, including some 120 million metric tons of chemical fertilizer and 350,000 metric tons of insecticide. The imports played a positive role in replenishing our farming supplies and promoting agricultural production.

China attaches great importance to importing advanced agricultural techniques. From 1979 to 1987, about 80 contracts on agricultural imports, amounting to \$643 million, were signed with state approval, including 18 contracts on farm machinery, 18 on animal husbandry and agricultural services, and 43 on chemical fertilizer and insecticide. The imported technologies were mainly for building and transforming chemical fertilizer manufacturing enterprises. Since China imported 13 sets of large chemical fertilizer production equipment before the start of the policy of reform and opening to the outside world, 10 additional sets of large and medium chemical fertilizer production equipment have been successively imported. The imported equipment is the backbone of China's chemical fertilizer industry. At the same time, China has imported a number of modern technologies and equipment for the production of ethylene, and increased the production and supply of plastic film for agricultural use.

Circular Discusses Materials Monopoly*OW1201120890 Beijing XINHUA in English
0926 GMT 12 Jan 90*

[Text] Beijing, January 12 (XINHUA)—The Chinese State Council recently issued a circular to the governments of provinces, autonomous regions and municipalities on improvement of the state chemical fertilizer, pesticide and plastic sheeting monopoly.

The State Council decided to monopolize those key agricultural production materials in 1988. The one year trial practice proved satisfactory. According to the circular, the monopoly is an important measure in the current economic rectification and readjustment.

In the past, there were shortages, market disorder and frequent price increases, which aroused strong dissatisfaction among farmers.

The purpose of the monopoly was to provide better services for agricultural production, said State Councillor Chen Junsheng recently at a national conference on monopolizing agricultural production materials.

The circular urged governments at all levels to further sum up experience and improve the work of monopolizing chemical fertilizers, pesticides and plastic sheeting.

The circular makes clear that the China Agricultural Production Materials Corporation and various-level agricultural materials supply and marketing departments are the main channels for these key agricultural materials.

Chemical fertilizers, pesticides and plastic sheeting used by county-level plant and soil protection, and agricultural extension stations and centers will be supplied by the state in a planned way. The materials should be sold to the farmers at local retail prices.

The circular says that any departments and individuals not on the state list of monopolizing departments should not traffic in these key materials.

Industrial and commercial administrative departments at various levels should do a good job of market management and firmly abolish illegal traffic in the materials.

The agricultural materials supply and marketing departments are urged to improve their service for farmers.

The circular asks the relevant departments to ensure an adequate supply of major raw materials, fuel and electric power for the production of chemical fertilizers, pesticides and plastic sheeting.

Priority should be given to supply of the materials under the State Planning Commission's mandatory plan. Petroleum and natural gas, and petro-chemical corporations will take charge of the supply of natural gas and oil for the production of chemical fertilizers. State mandatory production plans for key agricultural materials should be completed by signing production and purchasing contracts between manufacturers and the China Agricultural Materials Company and those at province and city levels.

The circular says that a certain amount of pesticides and funds should be stored to ensure supplies in case of natural disasters.

It demands good management of imported chemical fertilizers, pesticides and agricultural-use sheeting and packing materials.

The transport of raw materials and fuels needed for production of chemical fertilizers, pesticides and plastic sheeting is under the state plan. Transport and railway departments should organize the timely loading and unloading of these materials to meet the urgent needs of farming, it says.

The circular stressed the stabilization prices for chemical fertilizers, and plastic sheeting.

It says that agricultural, industrial and commercial departments should coordinate their work well. Governments at all levels should take concrete measures to support the production of fertilizers, pesticides and plastic sheeting, and serve the farmers.

It says that any one who illegally traffics in imported fertilizers, pesticides and raw materials for plastic sheeting, and import license would be punished. Those who fail to fulfill contracts will be dwelt with according to economic law.

This circular went into effect on January 1, 1990.

Li Guixian Stresses Payment for Farm Products*HK2201054090 Beijing RENMIN RIBAO in Chinese
14 Jan 90 p 2*

[Report by Ji Honggeng (6060 3126 6342): "Li Guixian Stresses Importance of Ensuring Funds for Purchasing Agricultural Products"]

[Text] Beijing, 12 Jan—State Councillor Li Guixian, who is also president of the Chinese People's Bank, today told all branch presidents of the bank at a national meeting that "no 'blank slip' can be issued by peasants for lack of funds, and those who abuse and misuse the funds for purchasing agricultural and sideline products must be seriously investigated and punished."

In the past year, substantial improvement has been made to solve the problem of "blank slips" which vexed peasants for a long time. Last year, the Chinese Agricultural Bank purchased agricultural and sideline products with a total value of 185 billion yuan, and other specialized banks purchased another 115 billion yuan of agricultural and sideline products. About 0.1 percent, or 300 million yuan, of these products were purchased with "blank slips." That is, the funds for purchasing agricultural and sideline products were basically sufficient. Li Guixian stressed that "blank slips" can no longer be issued to peasants, and a certain amount of credit funds should be allocated to various production and marketing links of agricultural and sideline products.

East Region

Zhao Speaks at Anhui Discipline Inspection Meeting

OW1501010190 Hefei ANHUI RIBAO in Chinese
14 Dec 89, p 1

[By reporter Liu Zhiji (0491 0037 1015)]

[Text] A provincial conference on the party's discipline inspection work opened in Hefei on 13 December. Yang Zhenyi, deputy secretary of the provincial discipline inspection commission, presided over the morning session of the meeting. Han Xixing, another deputy secretary, transmitted the guidelines of the fifth plenary session of the Central Discipline Inspection Commission. Zhao Baoxing, member of the provincial party committee standing committee and secretary of the provincial discipline inspection commission, delivered a speech entitled "Steadfastly Implement the Guidelines of the Fifth Plenary Session of the Central Discipline Inspection Commission, Earnestly Do a Good Job in Discipline Inspection Work, and Ensure Smooth Progress in Readjusting the Economy and Intensifying Reforms."

Zhao Baoxing's speech consisted of the following eight parts:

1. The new situation which is evolving in Anhui's party discipline inspection work;
2. making implementation of the guidelines of the fifth plenary session of the Central Discipline Inspection Commission an important task for the party's discipline inspection organs;
3. strengthening the party's organizational discipline and protecting the party's centralism;
4. continuing to consolidate internal operations and maintaining the purity of party and government organs and major departments;
5. steadfastly fostering party ethics and eliminating corruption;
6. strictly enforcing party discipline and earnestly investigating and dealing with violations in this respect;
7. conscientiously discharging supervisory functions and stepping up discipline supervision within the party; and
8. earnestly strengthening the construction of discipline inspection organs.

Zhao Baoxing said: The party has made constant progress in discipline inspection work this year. The work has proceeded fairly smoothly under the leadership of the CPC Central Committee headed by Comrade Jiang Zemin since the 4th Plenary Session of the 13th CPC Central Committee. A new situation is evolving in this regard. Considerable achievements have been made in safeguarding the party's political discipline. The soul-stirring turmoil and counterrevolutionary revolt of last spring and summer was a profound education in class and political struggles for the entire party. Anhui's discipline inspection organs and cadres withstood the test of that grim political struggle. They maintained their positions and did not support or participate in the turmoil. They unequivocally propagated the party Central Committee's policies and principles, and

actively resisted and stemmed the disturbances. Acting on the instructions of the party Central Committee and party committees at all levels, the discipline inspection commissions at various levels have cooperated with organizational departments in recent months in earnestly consolidating their internal operations. Prompt actions have been taken to deal with party members who perpetrated serious mistakes during the turmoil, whose cases have been thoroughly investigated, and whose actions are specifically addressed in relevant policies. The dignity of the party's political discipline has been safeguarded through the investigation and handling of such cases. The number of cases investigated and dealt with by discipline inspection organs for violations of party discipline has risen significantly this year, particularly since the 4th Plenary Session of the 13th CPC Central Committee. So has the number of party members punished for similar violations. From January to October, discipline inspection organs at and above the county level in Anhui handled 2,149 cases and punished 3,299 party members for violations of party discipline. There were 42 cadres at and above the county level among the punished party members. Initial results have been achieved in building a clean and honest party. A large number of criminals have been penalized according to party discipline and state laws. The practices of treating guests to lavish dinners, giving out gifts, and wining and dining have been curtailed substantially. The evil practice of cadres abusing their powers to build homes for themselves has been basically brought under control. Efforts are being made to further consolidate enterprises run by party and government agencies. These preliminary achievements have bolstered the people's confidence in fighting corruption and in the party and government.

He said: The "Decision of the CPC Central Committee on Further Consolidating the Economy and Intensifying Reforms" adopted by the fifth plenary session of the party Central Committee fully affirms the line, principles, and policies pursued since the 3d Plenary Session of the 11th CPC Central Committee. It also fully affirms the tremendous achievements in economic construction, reform, and opening to the outside world in the past decade. It realistically reviews and analyzes the serious problems and difficulties in current economic work, and specifically lays down the guidelines, major tasks, and fundamental measures for further consolidating the economy and intensifying reforms. This has a positive and significant impact on promoting sustained, stable, and coordinated development in China's economy. It is an extremely important task for the entire party and its discipline inspection organs to resolutely implement this important policy of the CPC Central Committee. Discipline inspection organs and cadres at all levels should, through studies, improve their understanding of the correctness and significance of the CPC Central Committee's policies on readjusting the economy and intensifying reforms. They should recognize their important role and heavy responsibilities in the endeavor to readjust the economy and intensify reforms. Furthermore, they should improve their understanding of the prevailing situation, acquire a clear comprehension of their

tasks, work up enthusiasm, boost their confidence, and do a good job in the party's discipline inspection work. Efforts should also be made to steadfastly implement the tasks and demands spelled out at the 4th and 5th Plenary Sessions of the 13th CPC Central Committee in carrying out discipline inspection work. It is necessary to foster strict discipline and party ethics to ensure the implementation of the guidelines of the fifth plenary session of the CPC Central Committee.

Zhao Baoxing continued: At present it is essential to step up education among party organizations and leading party cadres on the need to uphold the party's line, principles, and policies; to conscientiously observe party discipline; and to safeguard the party's centralism, so that the entire party will think and act in unison in completing the arduous tasks of reorganizing the economy and intensifying reforms. Party organizations and cadres at all levels should take the overall interests into account, foster a sense of overall planning, act with the basic interests of the party and the people in mind, and correctly handle the relations between the central and local authorities and between departments at different levels. They should resolutely subordinate local, short-term, and individual interests to overall, long-term, and collective interests; conscientiously safeguard the party's solidarity and unity; and protect political stability and unity. The interests of individual units and small organizations should not be allowed to compromise the overall interests of the country; nor should short-term interests be permitted to hurt long-term prospects. The entire party should consciously observe the party's organizational discipline. This means that individuals should submit to organizations, the minority should submit to the majority, lower levels should obey higher levels, and local party committees should subordinate themselves to the party Central Committee. This fine tradition should be continued and further developed. It should be noted that poor enforcement of the party's democratic centralism in recent years has resulted in a serious degree of lax discipline within the party. It has also promoted departmentalism and decentralism. Some localities and departments ignored the basic interests of the party and the state, "refused to execute orders and heed prohibitions," "worked out measures to counter the policies of higher authorities," and overtly and covertly resisted the party Central Committee's directives and policies. They blatantly violated party discipline, undermined the party's centralism, and directly interfered in the work of rectifying the economy and intensifying reforms. All localities and departments must do their best to perform the tasks chosen by the party Central Committee and the State Council. They must not make half-hearted efforts and "do things that suit only themselves." Neither must they act on their own and map out regulations that run counter to the "decision" of the fifth plenary session of the CPC Central Committee under the pretext of "adapting to certain special circumstances." They must no longer "refuse to execute orders and heed prohibitions" and "work out measures to counter policies." They

should not be allowed to feign compliance with central policies and act differently. Whoever fails to implement or whoever covertly opposes the decisions of the CPC Central Committee and the State Council undercuts the party's centralism and violates party discipline. Accordingly, he should be investigated in accordance with party discipline and be subjected to disciplinary measures if the circumstances are serious.

Zhao Baoxing said: The turmoil and revolt indicated that some party and government agencies and units are seriously impure. This is a hidden peril. It is necessary to purge the party in order to win complete victory in ending the turmoil and in putting down the counterrevolutionary rebellion, maintain the purity of party organizations and cadre ranks, and ensure long-term stability in the country. In accordance with the guidelines of the fourth plenary session of the CPC Central Committee and the arrangements of the party Central Committee, the party's discipline inspection organs are carrying out this task in conjunction with the organizational departments. Because of its extreme importance, the task should be executed in earnest to ensure its success. Policy should be enforced strictly, and attention should be paid to unifying the majority. No time should be wasted in expostulating with comrades who have committed common errors and have since improved their understanding of the situation. In doing so, an extensive education drive should be launched to help comrades distinguish right from wrong. In short, an internal purge of the party requires a firm, relentless, and unaccommodating attitude. It also requires a serious, cautious, and practical approach, as well as correct implementation of the party's policies.

Zhao emphasized: It is necessary to improve party ethics, which are crucial to the party's fate. Without sound party ethics, it is impossible to complete the task of readjusting the economy and intensifying reforms, to fight against bourgeois liberalism, and to build socialism with Chinese characteristics. At present, the entire party is concerned about improving party ethics. Discipline inspection commissions at all levels should help party committees strengthen party ethics in accordance with the party constitution and the requirements of the fifth plenary session of the CPC Central Committee. They should view this task as an important job of their own. It is essential to make a "resolute and sustained" approach. The task should be carried out unswervingly and steadfastly until it yields results. The building of party ethics should begin with the leading organs and cadres, who should be exemplary. These organs and cadres should take the lead in doing things that they ask their subordinates to do. The same applies to things that they forbid their subordinates to do. Every CPC member should start with himself in building party ethics, as required by the party Constitution and the "Guiding Principles for Inner Party Political Life." He should not lower the demands on himself under any form of pretext. It is necessary to promote clean government in building party ethics, because clean government is an important aspect

of party ethics. In helping party committees improve party ethics, discipline inspection commissions at all levels should attach importance to building clean government. They should develop the party's discipline inspection organs into an important force in maintaining the honesty of party and government organs and in fighting corruption. Clean government, however, is not the only area to be tackled in improving party ethics. Compared with the effort to promote clean government, the task of building party ethics is wider in scope and has more stringent demands. It cannot be replaced with the effort to promote clean government. In continuing to build clean government, we should do a good job in all areas of work connected with improving party ethics.

He said: Relentless investigation and handling of violations of party discipline are crucial to running the party strictly and to tightening the party's discipline. It also is an important measure for safeguarding the party's centralism, fighting corruption, and ensuring smooth progress in reorganizing the economy and intensifying reforms. Discipline inspection commissions at all levels should capitalize on the current favorable situation, pool their energies, and continue to do a good and conscientious job in investigating and punishing breaches of party discipline. Discipline inspection commissions should truly perform their functions, and their work will win the trust and support of party members and people, if they do a good job in this respect. At present, the focus in dealing with violations of party discipline is on cases involving decentralism, attempts to weaken the party's centralism, and obstruction with the economic retrenchment drive. Disciplinary actions should be meted out if circumstances are serious in cases where orders are ignored, prohibitions are unheeded, and policies are resisted with countermeasures. The same applies to cases where there is feigned compliance and stonewalling. Corrupt elements who have discredited the causes of the party and the people should be punished severely in accordance with party discipline and state laws, and no leniency should be allowed. It is necessary to pursue any important leads already uncovered, and to doggedly investigate the cases in point. It is essential to encourage people to report and keep tabs on wrongdoing, and due support should be given to such reporting. The democratic rights of people who acted as informers should be resolutely protected. Leading cadres who threaten to retaliate against their informers should be disciplined. In handling cases, discipline inspection commissions at all levels should be courageous enough to maintain the party spirit and fiercely resist attempts to "intercede" and "lobby." They should persist in their investigations and enforce discipline fairly no matter how formidable the resistance and difficulties are. Party organizations or members who obstruct the handling of cases should be criticized, educated, or disciplined, depending on the gravity of circumstances. As organs specializing in enforcing discipline and exercising supervision, the party's discipline inspection commissions cannot shirk their responsibility in investigating and dealing with

party organizations and party members, including leading party cadres, who have violated party discipline.

He said: It is necessary to strengthen supervision of the enforcement of discipline within the party. According to the provisions of the CPC Charter, one of the major tasks of party discipline inspection committees at all levels is to inspect the execution of the party line, principles, policies, and resolutions. All discipline inspection committees should truthfully exercise their supervisory powers, oversee and inspect more intensively how party organs and leading party members implement the central authorities' decisions, and persist in strictly maintaining party discipline.

During the period of rectifying and improving the economy, the work of supervising the enforcement of party discipline should focus on monitoring and inspecting the following situations: How party organs and party members and leading cadres implement the CPC Central Committee's and State Council's policies, regulations, and measures with regard to the campaign of improving and rectifying the economy and intensifying reforms; how leading groups practice democratic centralism; and whether party members and cadres, especially leading cadres, work wholeheartedly to serve the people and honestly perform their official duties. Discipline inspection committees at all levels should correctly and effectively exercise their authority, dare to supervise, and be good at supervising. They should enhance their supervision and inspection of party committees and party members and leading cadres under their jurisdiction. They should coordinate with organization departments and take part in meetings on democratic activities attended by members and leading cadres of local and department-affiliated party committees and enhance mutual supervision among leading members of party organs. They should also strengthen the supervision carried out by party organs and party members at grass-roots level over their counterparts and leading cadres at higher levels. Every party member and leading cadre is required to attend meetings on activities of party groups, and consciously subject themselves to the supervision of other party members.

Zhao Baoxing said: In the decisions reached at the 4th and 5th Plenary Session of the 13th CPC Central Committee, the party set new and higher demands on discipline inspection work and on the building of party workstyle and discipline. This means heavier responsibilities for the party's discipline inspection agencies and cadres. To adapt to the needs of the new situation, the discipline inspection authorities at all levels must earnestly strengthen construction within themselves, continuously improve the quality of discipline inspection cadres, and raise the level of discipline inspection work. The discipline inspection committees at various levels should pay attention to the methods used to improve their work and workstyle. They should insist on following the mass line, go down frequently to the grass-roots units, mingle with the masses, listen to people's opinions with an open mind, be concerned about the

weal and woe of the masses, and build closer ties between the party and the masses. They should also step up their investigative and research work. At present, the important thing is to work closely around the drive to improve and rectify the economy and maintain clean and honest party and government agencies; to go deeper into investigating the new situation and new problems concerning the building of party workstyle and discipline; to actively state proposals and suggestions to the party committees on the issue of strengthening the building of party workstyle and discipline; to conscientiously analyze the different characteristics and patterns of violations of party discipline in different periods of time in order to pointedly work out correct and effective countermeasures; and to probe into difficult parts of the theory and actual practice of discipline inspection so as to boost the farsightedness, initiative, and scientific nature of discipline inspection work. Discipline inspection agencies at all levels must act on the demands presented at the 4th and 5th Plenary Sessions of the 13th CPC Central Committee. They must gain a clear understanding of the situation, build up more confidence, heighten their spirit, work hard, and continuously make new contributions to guaranteeing the implementation of the fundamental party line and the realization of the drive to improve and rectify the economy and intensify reforms.

Xiang Shouzhi Attends Nanjing Military Meeting

*OW1601193190 Nanjing XINHUA RIBAO in Chinese
26 Dec 89 p 2*

[Excerpts] A 4-day congress of the Nanjing Military Region for units and individuals advanced in grass-roots construction concluded yesterday.

The congress agreed that the military region basically accomplished the goal set by its party committee to put an end to the weakened situation in grass-roots construction within 3 years. Now, the vast number of officers have acquired a firm, clear-cut political stand and maintained a high degree of political unity with the Central Committee. They are hard working and loyal; they put the interest of national economic construction and Army buildup above everything else; and they have displayed a high degree of political consciousness. [passage omitted]

On behalf of the Military Region party committee, Political Commissar Fu Kuiqing delivered a report entitled: "Comprehensively Implement the Program for Grass-roots Construction in the Military and Carry Out Grass-roots Construction in Depth and on a Long-term Basis." [passage omitted]

At the congress, leaders of the Nanjing Military Region including Xiang Shouzhi, Fu Kuiqing, Shi Yuxiao, Zhang Ming, and Wang Tailang presented awards to the advanced units and individuals. [passage omitted]

Central-South Region

Guangdong Governor Addresses Economic Conference

*HK1601062390 Hong Kong TA KUNG PAO
in Chinese 16 Jan 90 p 2*

["Special Dispatch": "Ye Xuanping on Guangdong's Economic Development"]

[Text] Guangzhou, 15 Jan—That Guangdong must seek economic stability and development while "carrying out the austerity program" this year is the policy chosen at the provincial conference on production plans, industry, transport, foreign trade, finance, and taxes which ended at dusk today. Mayors from all cities across the province attended the conference. Ye Xuanping said: In developing the planned commodity economy, Guangdong had experienced "smooth sailing," but it ran into turbulent waters last year. With both positive and negative experiences, Guangdong will face squarely the grim economic situation this year, and try its best to solve the difficulties and alleviate the contradictions.

Stabilizing the economy and social order was considered the principal task for 1990. The government made a point of vigorously pushing economic improvement and rectification, deepening the reform, effecting overall balance, and taking into consideration the interests of all concerned. At the same time, the government has also worked to maintaining stability and to lay a sound foundation for the sustained, stable, and coordinated development of the economy.

The department concerned believed that the situation in Guangdong was improving last year: the volume of credit and the scale of investment in fixed assets were reduced to a certain extent; the overheated economy gradually cooled down; the price rises were conspicuously lower than in the previous year; there was an overall bumper harvest in agricultural production; the excessive industrial growth was held in check; the market supply was basically normal; the export continued to grow; there was an overall increase in government revenues; and surplus paper money was withdrawn rather satisfactorily. But it should be admitted there were some problems, such as a sluggish market; overstocking of products; the enterprises being deep in debt; and the number of people waiting for jobs increased.

The conference maintained that the key jobs for this year should be: making a continued effort to curtail social demand; seeing to it that departments responsible for construction, circulation, distribution, and so on should cut down expenses; guaranteeing the continuity and stability of the policies and perfecting them; firmly and unshakably developing the export-oriented economy; while expanding exports and cutting imports, working hard to improve the investment environment, raising the efficiency of utilizing foreign funds, and vigorously readjusting the product mix; concentrating efforts to develop agriculture, and basic industries such as energy, transport, communications, raw and semifinished materials,

and others; improving style of work; looking at the masses' feeling conscientiously; going deep into the realities of life; and doing more solid things.

Governor Ye Xuanping gave a summation at the end of the conference. He pointed out that the situation this year remains unstable. Guangdong's export-led economy was hit to a certain degree by the turbulent situation throughout the world and by the economic sanctions imposed by Western countries. Protracted problems and newly emerging contradictions will concur to bring about more difficulties and increase complexity for our effort to improve the economic environment and rectify the economic order.

He believed that Guangdong should start with three things in light of its reality: first, reducing investment in construction, readjusting the economic structure, clearing up debts, and controlling the total volume of debts; second, reducing expenditure and upholding the necessity to "guarantee food for everybody" and "guarantee safety" before doing what we are capable of; and third, reducing consumption funds.

Ye Xuanping emphasized that developing the export-oriented economy is Guangdong's strong point, and it will also help overcome difficulties. Therefore, it is necessary to provide guidance for foreign funds this year, help develop sole proprietorship, and to work hard to improve the structure of foreign debts and prevent borrowing money arbitrarily.

Bonded Industrial Zone Set for Guangdong SEZ

OW1701014190 Beijing XINHUA in English
1504 GMT 16 Jan 90

[Text] Shenzhen, January 16 (XINHUA)—The Shenzhen city government has recently ratified a program to set up a bonded industrial zone at Futian on the border of the Shenzhen Special Economic Zone and Hong Kong.

The new zone, with a planned population of 100,000, will cover 1.67 square kilometers. The total floor space of buildings will be more than three million square meters.

The Futian bonded zone will be a completely closed under the supervision of customs. The procedures for personnel, materials, funds and vehicles entering and leaving the zone will be simplified. All the means of production including machinery and other equipment entering the zone will be duty-free. Means of livelihood used in the zone will also be duty-free and will be supplied by the Shenzhen City Duty-free Company.

A unified administration will be set up to manage the zone in the capacity of the plenipotentiary of the Shenzhen City government. Foreign experience in managing export processing zones will be absorbed in managing the new zone to provide foreign investors with complete service.

The establishment of the new zone is aimed at attracting more foreign funds to build efficient, capital intensive, high-tech, export-oriented enterprises.

The decision to set up the new zone in accordance with the instructions of the central government, which urged that the Shenzhen Special Economic Zone continue to be well-run and continue carrying out the policy of reform and opening to the outside world.

The Shenzhen City government has trusted the China Shenzhen International Economic and Technological Cooperation Corporation to establish the Futian Bonded Industrial Zone Development and Investment Company to be in charge of the work of using foreign funds to develop the zone.

Preparations for setting up the new zone, including the requisition of land, the geological survey and the drawing up of an overall development plan, are already complete. Construction is expected to begin soon.

Hainan Secretary Views Industrial Development

HK1501072190 Haikou Hainan Provincial Service
in Mandarin 2300 GMT 11 Jan 90

[Excerpts] At the Hainan Provincial Symposium on Industrial Enterprise Development, which was held yesterday, Xu Shijie, secretary of the Hainan Provincial CPC Committee, delivered an important speech.

In his speech, Comrade Xu Shijie summed up the problems and difficulties confronting Hainan's industrial production in 1989 and stated a number of proposals on taking countermeasures aimed at tackling these problems and difficulties and on pushing ahead with Hainan's industrial development in 1990.

After listening to the work reports given by the responsible persons of a number of industrial enterprises in Hainan, Comrade Xu Shijie said that in 1989, despite enormous difficulties, Hainan's industrial production maintained a sizable growth. Nevertheless, at present, Hainan's industrial enterprises still have to overcome a number of formidable problems and difficulties. The overall situation concerning Hainan's industrial production still remains very rigorous.

Comrade Xu Shijie said that greater efforts must be made to strengthen leadership over Hainan's industrial production. Continued efforts must also be made to resolve the contradiction between production and marketing and to readjust provincial policies concerning raw material supply as well as provincial taxation policies. To this end, all the departments concerned and all the industrial enterprises in Hainan should closely cooperate with and support one another.

Comrade Xu Shijie added that in 1990, Hainan must exert its utmost to protect its provincial and local products. However, it does not mean that Hainan should protect its backward products. [passage omitted]

In 1990, Hainan should also greatly apply its scientific and technological research achievements to its own industrial production in the hopes of further pushing ahead with its industrial production development.

In 1990, Hainan should also make every possible endeavor to study the relationship between the planned economy and the market economy.

Yesterday's symposium was presided over by (Huang Renqi), responsible person of the Hainan Provincial Industrial Department, and was attended by a number of provincial party and government leaders. [passage omitted]

Hainan's Xu Shijie Visits PLA Hospitals

HK2101072690 Haikou Hainan Provincial Service
in Mandarin 2300 GMT 15 Jan 90

[Excerpt] The first sub-group of the Hainan Spring Festival season's greeting group, with Xu Shijie, provincial party committee secretary as sub-group head; and Wei Zefang, member of the provincial party committee standing committee; and Zheng Zhang, provincial people's representatives conference vice chairman as deputy heads; visited [People's Liberation Army] PLA No 187 Hospital and No 424 Hospital yesterday to extend sincere regards on behalf of the Hainan people. The sub-group was welcomed by the staff and the patients in both hospitals. [passage omitted]

WEN WEI PO Continues Hainan Series

HK0701081090 Hong Kong WEN WEI PO
in Chinese 5 Jan 90 p 2

["Special Article" by staff reporters Huang Ching (7806 3237) and Chung Ween-yi (6988 5113 0001): "Review and Examination on Absorbing Foreign Funds—Sixth Report on the Hainan Special Economic Zone (part one)"]

[Text] Hainan's official statistics show that by the end of September 1989, the province had 762 enterprises with foreign investments, with a gross investment in terms of \$630 million negotiated with foreign businessmen. The actual investment volume was some \$200 million. Statistics of Hainan Provincial Economic Cooperation Office show that 344 new enterprises with foreign investments had been set up between January and October 1989, up fourfold from the previous year. The gross negotiated capital was \$370 billion, up by almost twofold from the previous year. Between January and September 1989, the actual foreign funds utilized was \$66.79 million, up approximately 1.5 times over the same period in 1988.

Achievement of Certain Scope of Foreign Investment Input

Regarding export, the gross annual export value in foreign trade of "three kinds of partially or wholly owned enterprises" was \$1.62 million prior to Hainan's

becoming a province. It rose to \$4.5 million in the wake of Hainan's becoming a province in 1988, and \$9.15 million in the first 7 months in 1989. A forecast of relevant departments indicates that the gross annual export value in foreign trade of "three kinds of partially or wholly owned enterprises" would be \$19 million at the end of 1989, up by tenfold from 1988, before Hainan became a province. To date, Nanyin [0589 3009] Shoe Manufacturing Factory and Hainan Gangyu [0474 3768] Jewelry Company, Limited, two of the province's "three kinds of partially or wholly owned enterprises" have both exceeded \$1 million in their gross export value.

Among Hainan's enterprises with foreign investments, 70 percent are engaged in industrial and agricultural development. The investors are from 15 countries and regions, including Hong Kong, Taiwan, Japan, Thailand, Singapore, Canada, the United States, and the United Kingdom. The investments involve some 20 trades, including planting, breeding, mining, banking, insurance, transportation and communications, building, installation, light industry, food processing, chemical industry, textile, electronic, machine building, medical service, public health, tourism, science and technology, culture and education.

A Long Way To Go From the Goal of Building a Large Special Economic Zone

Some officials in charge of the province's economic work said that Hainan has imported some advanced technologies and equipment by utilizing foreign funds since it became a province; a number of enterprises with marked economic results have surfaced, while some enterprises that suffered from deficits are now making profits. They believe, however, there is still a long way to go from the goal of building Hainan into a large special economic zone, although the "investment craze" has a greater momentum than the Shenzhen SEZ at its initial phase.

A relevant report has pointed out that Hainan's distribution of investments with foreign funds is unbalanced at present. Investments have been focused on such cities and counties as Haikou, Sanya, Chengmai, and Zhanxian, with very little investment made in other counties and cities, not to speak of the several minority nationality autonomous areas. From the angle of investment directions, foreign businessmen have generally focused their interest on projects that promise quick proceedings, such as tourism, light and textile industries, food industry, commerce, service trades, and labor-intensive industries. However, such projects do not fall in line with Hainan's present policy of giving priority to developing energy resources, chemical industry, telecommunications, metallurgical industry, transportation, manufacturing industry, and agriculture. With regards to the investment scope, key projects are few in number with abundant small-type projects. From the angle of the technological level, few enterprises yield products "that are high-grade, refined, and advanced in kind." In addition, the gap is great between actual input and planned investment of foreign funds, and the phenomenon of

repetition of import of individual projects exists, resulting from blind examination and approval.

More Hong Kong Investments Than Investments from Europe and the United States

Take Haikou, for instance; at present, the city's "three kinds of partially or wholly owned enterprises" number 89, with a capital volume of approximately \$36 million, along with 84 million yuan involved in contracts. The accumulated sum of investments is 200 million yuan; however, the actual input is less than that. On the other hand, the ratio between foreign investments and domestic investments is 1:8; and the proportion of foreign investments is insignificantly small. Moreover, most of them are from Hong Kong and Macao, and investments from Europe and the United States can be insignificantly small in volume. Statistics show that of the 257 companies and enterprises (including those with foreign investments, wholly owned by other provinces or cities, and joint-operation companies) founded with Haikou authorities' sanction, only 17 fall into the industrial category, with an investment volume of some 61 million yuan, accounting for 7 percent of cooperative projects and 22 percent of the city's gross investment. Again, out of these 257 enterprises, there are only 5 industrial projects in the category of "3 kinds of partially or wholly owned enterprises," accounting for 18 percent of enterprises in this category. It is learned that the situation remains pretty much the same as several years ago.

Not Much Skill at Implementing Central Policies

There are multiple causes to explain the above-mentioned conditions in Hainan's foreign economic relations and trade. Relevant departments point out that Hainan has done a poor job in "properly and sufficiently" implementing central policy, with a rather great gap between the central policy allowed Hainan and the obtainable substantial benefits to enterprises. At the same time, some Hainan cadres have not been bold enough or good at implementing central policy under the backdrop of the "major climate" of improvement and rectification nationwide. It is disclosed that, since October 1988, some central departments required "unanimity in everything," and issued some policies and regulations that counter central documents. Thus, some problems have been created for Hainan's economic work. Regarding this, Hainan's responsible person has presented the case to various relevant central departments to seek their understanding and support. On the other hand, Hainan should also improve its own work; its authorities should report to the central authorities their failure in implementing some policies that should have been implemented, and in acquiring funds that they should have obtained.

Henan Leaders Attend Lunar New Year Party

HK2301104290 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 22 Jan 90

[Excerpts] The Henan Provincial CPPCC Committee and the United Front Work Department of the Henan Provincial CPC Committee jointly held a grand reception in celebration of the impending arrival of the Lunar New Year Festival in Zhengzhou, capital of Henan Province, this morning.

Provincial party, government, and army leaders, including Yang Xizong, secretary of the Henan Provincial CPC Committee; Cheng Weigao, governor of Henan Province; Zhao Di, Yao Minxue, and Hu Xiaoyun, deputy secretaries of the Henan Provincial CPC Committee; Lin Yinghai, Zhang Zhigang, and Hou Zhiying, members of the Standing Committee of the Henan Provincial CPC Committee; Dong Guoqing, political commissar of the Henan Provincial Military District; Qin Kcai and Song Zhaosu, vice governors of Henan Province; and some other leaders, attended this morning's reception. [passage omitted]

More than 200 people of all walks of life in Zhengzhou and provincial party, government, and army leaders gathered together at the reception to celebrate the impending arrival of the Lunar New Year Festival.

The reception was presided over by Yan Jimin, chairman of the Henan Provincial CPPCC Committee.

On behalf of the Henan Provincial CPC Committee and the Henan Provincial People's Government, Yang Xizong, secretary of the Henan Provincial CPC Committee, extended holiday greetings and appreciation to the members of the CPPCC committees at all levels, to the leaders of various democratic parties, to the members of associations of industry and commerce at all levels, and to the people of all walks of life in Henan.

Comrade Yang Xizong said that holding aloft the banner of socialism and the banner of patriotism, consolidating and developing a broadest possible patriotic united front, uniting all the forces that can be united, and relying on the people of all nationalities in the whole country under the leadership of the CPC are fundamental guarantees for the successful accomplishment of all tasks. In the socialist period, the united front must be further strengthened and consolidated rather than weakened. In the year 1990, the CPPCC committees at all levels and all the members must adhere to the four cardinal principles; strengthen confidence in socialism; consolidate the unity among the people of all nationalities; advocate the spirit of devotion; do a better job in all types of work; and strive for the successful accomplishment of the central task of maintaining political, economic, and social stability in Henan. CPPCC committees must give full scope to the unique advantages of the CPPCC committees at all levels; bring into full play the CPPCC's role of consultation and supervision; present suggestions and views on curtailing aggregate social

demand, readjusting industrial structure, increasing economic results, and rectifying economic order on the basis of sufficient social investigations; help the provincial party and government organs push ahead with the campaign aimed at building a clean government; put an end to corruption; coordinate relations and alleviate social contradictions; and provide good consultative services to the provincial party and government organs in regard to scientific and economic work.

Comrade Yang Xizong also called on the CPPCC committees at all levels in Henan to strengthen their supervision of the work of the party and government organs at all levels, help the party and government organs at all levels solve their problems and overcome their difficulties, and join hands with the party and government organs at all levels to do Henan's work well in the year 1990.

The provincial party, government, and Army leaders also watched the performances staged by the Henan Provincial Song and Dance Troupe at the reception. [passage omitted]

Hubei Leader Cites Trade Union Role in Stability

*HK1601095090 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 12 Jan 90*

[Excerpts] Provincial party committee and government leaders Guan Guangfu, Zhao Fulin and (Li Daxiang) held a discussion meeting on the morning of 11 January with more than 250 members of the Provincial Trade Union Council, trade union cadres of large enterprises in different prefectures, autonomous prefectures, and counties, and trade union cadres of enterprises directly under the provincial authorities. They all attended the Third Enlarged Plenary Session of the Seventh Provincial Trade Union Council. On the occasion, they listened to briefings given by some trade union cadres on their work in 1989 and to their opinions and suggestions on stabilizing the province's political, economic, and social situation, promoting economic improvement and rectification, and deepening the reform.

Provincial party committee Secretary Guan Guangfu delivered an important speech on some of the problems. He pointed out: The present task of top priority for the party and state is to maintain stability, and the same is true of trade unions at different levels. We must make efforts to maintain stability to promote the work as a whole. Politically, the working class is a class of leadership, which is not only the main force of production and construction but also of the stability of the state. The working class is also the mainstay of stabilizing the economy and society. As long as the working class is kept stable, the whole society will be stable. Economically, the working class is the creator of social wealth. Our enterprises, and especially large and medium-sized enterprises, are economic lifelines, which are all controlled by the workers. Therefore, the working class will play a great part in stabilizing the economy. For the sake of stability, we must not say anything which is harmful to

stability and not do anything which is harmful to stability; and we must give wider publicity to the remarks which are good for stability and do more things which are good for stability.

Guan Guangfu also pointed out: Our enterprises should solve the major problem of keeping to the orientation of socialism and should always be persistent in the socialist orientation and take concrete measures to ensure it. The most important task at present is to make strenuous efforts to intensify ideological and political work among enterprise workers and staff members. Through our efforts, all workers and staff members are required to have a firm and correct political orientation and keep to a firm conviction. The second task is to correctly handle the interests between enterprises and the state and between enterprises and their workers and staff members. At the present time when the country is improving its economic environment, rectifying its economic order, and deepening the reform, the interests of local authorities and enterprises should be subordinated to the overall interests. Workers and staff members must understand difficulties that the country and their enterprises are facing. [passage omitted]

The third task is to continue to implement the business law and explore, institute, and perfect the socialist enterprise leadership structure with Chinese characteristics. Party committees should guarantee the political orientation of enterprises, that is to say, do as the party says. [passage omitted] The fourth task is to promote the double-increase and double-economy drive on a grand scale but in a deep and solid way, tap potentials, and overcome difficulties. [passage omitted]

Speaking on the issue that enterprises should adhere to socialist orientation, Guan Guangfu specially emphasized that the effort to depend on the working class heart and soul should be carried out to the letter. To depend on the working class heart and soul, it is necessary to correctly handle the relations between cadres and the masses in enterprises. Enterprise cadres and the broad masses of workers and staff members should be as inseparable as fish and water, and their relationship should be one of perfect harmony. [passage omitted]

To depend on the world class wholeheartedly, another important thing is that party and government organizations at different levels should be concerned about enterprises and help them eliminate worries and surmount difficulties. Meanwhile, to create a sound external environment for depending on the working class wholeheartedly, it is essential to earnestly solve the problem of recruiting new party members from workers and staff members fighting on the forefront of production, the problem of promoting competent ones to leading positions, and the issue of helping them participate in and discuss government and political affairs. Guan Guangfu also noted that party and government organizations at different levels should further change their work style, gearing themselves to the needs of

enterprises, facing the reality, and catering to the needs of workers and staff members. [passage omitted]

We must be against those bureaucrats who are indifferent to the well-being of the masses, do not give serious thought to anything, and immerse themselves in minor matters to the neglect of major ones. As long as we are of one heart and one mind with the working class and work together with concerted efforts, we shall certainly overcome difficulties. [passage omitted]

Hubei Provincial Secretary Meets Entrepreneurs

HK1701094090 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 16 Jan 90

[Excerpts] Yesterday morning, Guan Guangfu, provincial party committee secretary; Chen Ming, provincial Advisory Commission chairman; Li Daqiang, executive vice governor; Xu Penghang, vice governor, and other leading comrades attended an unofficial discussion meeting held in the conference room of Wuhan's boiler plant. They met the responsible people of the province's 22 large- and medium-sized backbone enterprises and some large-sized enterprises run by the central authorities in Wuhan. During the meeting they summed up successful experiences in the economic improvement and rectification operation and the in-depth reform over the past year; reviewed all the effective measures that had been adopted to overcome difficulties and promote production; examined problems that enterprises are facing; and discussed ways of creating a fine environment for development of enterprises in the first year of the 1990s.

During the discussion meeting, Guan Guangfu and other responsible comrades of the provincial party committee and government heard opinions and suggestions presented by entrepreneurs. [passage omitted]

Comrade Guan Guangfu delivered a speech centering around issues of common concern. [passage omitted]

Guan Guangfu said: Although your enterprises are facing numerous difficulties, from your practical experience you can see that the operation of improving the economic environment and rectifying the economic order has opened up vast vistas for improvement of enterprises' quality, for tapping potential, and for harmonious development. It has offered you a good opportunity to improve your enterprises' quality, to temper and foster entrepreneurs, and to temper party committees and the working class. [passage omitted]

He said: As far as economic work is concerned, we must take three consecutive steps: 1) we must make every effort to promote production in the first quarter; 2) while ensuring a steady growth in production in the first quarter, we must make every effort to promote production in the first half of this year; and 3) on the basis of our efforts in the first half of the year, we must make every effort to boost production the whole year. As the year 1990 is a year of crucial importance to the economic

improvement and rectification operation, the above three steps must be taken successively, and no slackness is tolerated. We must strive for a sustained, steady, and harmonious economic growth so as to ensure political, economic, and social stability.

Guan Guangfu said: In the course of the economic improvement and rectification operation, the focal point of enterprise operation rests on the improvement of enterprises' quality. So long as we can focus our attention on this question, we can readily solve other problems. [passage omitted]

Comrade Guan Guangfu said: In the economic improvement and rectification operation, we must give full play to the role of the working class as the main force and to the role of entrepreneurs and large- and medium-sized enterprises. From now on, our leading organs must not only help enterprises overcome difficulties but must also arrange for entrepreneurs to contribute their ideas for achieving a sustained, steady, and harmonious economic growth in Hubei Province. [passage omitted]

Hubei Secretary Addresses Women's Work Meeting

HK1201071990 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 11 Jan 90

[Excerpts] On 8 January, Guan Guangfu, secretary of the Hubei Provincial CPC Committee, held talks with nearly 200 women cadres and women deputies from all walks of life in Hubei. They were attending the 2d Enlarged Plenary Session of the Standing Committee of the Hubei Provincial Women's Federation.

After listening to the views expressed by the women cadres and women deputies, Comrade Guan Guangfu said that over the past year, the broad masses of women in Hubei have worked hard on all fronts, made great contributions to Hubei's development, and played an important role in maintaining Hubei's political, economic, and social stability.

In speaking about Hubei's women work in the future, Comrade Guan Guangfu stressed that greater efforts must be made in the following respects: 1) It is necessary to adhere to the correct political orientation of the women's movement, greatly publicize and further establish the Marxist outlook on women, study and grasp the characteristics of the women's movement in the new historical period, further develop the glorious revolutionary traditions of the women's movement, and further strengthen the work of the provincial women's federation. The overriding task at present is to maintain political, economic, and social stability. The party's work as well as the women's work must center on and serve this task. 2) It is necessary to further and deepen the women's work by giving full scope to the role played by the broad masses of women in the building of the socialist spiritual civilization and the socialist material civilization; 3) it is necessary to carry out resolute struggle against all types of traditional concepts despising women, continuously raise the social status of

women, and resolutely safeguard the legitimate rights and interests of women; and 4) it is necessary to strengthen the building of women organizations at the grass-roots level and the building of the contingent of full-time professional women cadres. [passage omitted]

Comrade Guan Guangfu stressed that the CPC committees and people's governments at all levels must accept women cadres, for this will enable the CPC committees and people's governments at all levels to strengthen their leadership over women's work and timely know about the demands of the broad masses of women.

The meeting was presided over by (Song Yuying), president of the Hubei Provincial Women's Federation. [passage omitted]

Southwest Region

Guizhou Governor Inspects Enterprises

HK2301021390 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 18 Jan 90

[Excerpts] Yesterday morning, Wang Chaowen, governor of Guizhou Province; Wang Shouting, mayor of Guiyang City; and some other leaders went to Guiyang Building Material and Machinery Plant, Guizhou Radio Factory No. 1, and some other enterprises to extend holiday greetings to the staff and workers there and urged the staff and workers to unite more closely and make concerted efforts to score greater achievements in the year 1990. [passage omitted]

After listening to a report given by (Ying Hongming), director of Guizhou Radio Factory No.1, and shaking hands with the staff and workers there, Comrade Wang Chaowen said that current difficulties are but temporary ones. All enterprise leaders must brace up, strive for more progress in improvement and more flexibility in retrenchment, develop new products, constantly improve product quality, strengthen enterprise adaptability, and strive for development amidst stability. [passage omitted]

Guizhou Secretary Attends Agriculture Symposium

HK2201092490 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 17 Jan 90

[Text] The Guizhou Provincial Symposium on Agricultural Development concluded in Guiyang yesterday.

The symposium decided that in 1990, Guizhou will first of all concentrate all financial, material, and human resources on the development of the following 10 counties: Zunyi, Meitan, Suiyang, Fenggang, Yuqing, Jinsha, Chishui, Changshun, Pingtang, and Dushan County.

It was also learned that from now on until 1995, Guizhou will mainly embark on a gradual development of a total of 39 counties by carrying out the transformation of the low-yield and middle-yield farmland, increasing the grain and oil crop production output, and

bringing about a coordinated development of the agricultural, animal husbandry, sideline, and forestry productions in those counties. To this end, the Guizhou Provincial People's Government has already set up a leading group to take charge of the comprehensive development of agriculture. Furthermore, various prefectures and counties will also correspondingly set up relevant organizations to take charge of their work in this respect.

Liu Zhengwei, secretary of the Guizhou Provincial CPC Committee, Wang Chaowen, governor, and Zhang Shukui, vice governor, attended and spoke at the symposium.

The symposium was presided over by Wang Anze, vice governor of Guizhou Province.

Guizhou's Wang Speaks on Enterprise Rectification

HK2001090390 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 14 Jan 90

[Text] At a provincial meeting on screening and rectifying companies which ended yesterday, provincial Governor Wang Caowen pointed out: The most important task in the work of screening and rectifying companies is to cancel a number of companies, investigate and handle a number of big and important cases, and solve the problem of a chaotic and messy situation and overlapping administrative organizations in some companies, with the aim of creating a good environment and order for economic construction in our province, characterized by sustained, stable, and coordinated development.

Provincial Governor Wang Caowen continued: Screening and rectifying companies is required by the work of economic improvement and rectification, and the drive of punishing those who are guilty of corruption and promoting stability and unity. If we fail to cancel a number of companies, or investigate and handle a number of big and important cases, or solve the problem of a chaotic and messy situation in some companies, people will not trust us. Therefore, he urged responsible departments in various companies to earnestly grasp well the work of screening and rectifying companies, and to shoulder the responsibility of canceling and amalgamating companies, dealing with matters related to creditors' rights and debts, clearing up assets, and separating government administration from enterprises.

Provincial Governor Wang Caowen stressed: Investigating and handling big and important cases is an important content of the present drive of screening and rectifying companies. Various leading groups at all levels responsible for screening and rectifying companies must work in close cooperation with the courts, supervisory departments, public security departments, auditing departments, procuratorates, and others to firmly grasp the work of investigating and handling big and important cases. They are not allowed to do their work in a slapdash manner, or to leave relevant matters unsettled. They must work in close cooperation, take concerted

action, and do the work well from start to finish to fulfill the task of screening and rectifying companies.

Sichuan Secretary Attends Evening Party

*HK2301044990 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 20 Jan 90*

[Excerpts] The PLA Chengdu Military Region held an evening party entitled "Support the Army and Give Preferential Treatment to Families of Revolutionary Armymen and Martyrs, Support the Government and Cherish the People" in Chengdu yesterday evening.

Attendees at the evening party included leaders of the Sichuan Provincial CPC Committee, the PLA Chengdu Military Region, the Sichuan Provincial CPC Advisory Committee, the Sichuan Provincial People's Congress, the Sichuan Provincial People's Government, the Sichuan Provincial CPPCC [Chinese People's Political Consultative Committee] Committee, the PLA Chengdu Air Force, the Sichuan Provincial Military District, the Sichuan Provincial Armed Police Forces, various democratic parties and people's organizations, and the departments concerned of Chengdu City.

Yang Rudai, secretary of the Sichuan Provincial CPC Committee, Fu Quanyou, commander of the PLA Chengdu Military Region, Zhang Haoruo, governor of Sichuan Province, and some other provincial party, government, and army leaders attended the evening party. [passage omitted]

Zhang Haoruo, governor of Sichuan Province, delivered a speech at the evening party.

On behalf of the Sichuan Provincial CPC Committee, the Sichuan Provincial People's Government, the Chengdu City CPC Committee, the Chengdu City People's Government, and the people of all nationalities in Sichuan, Comrade Zhang Haoruo extended holiday greetings to all the officers and soldiers of the PLA troops and the Armed Police forces stationed in Sichuan, all the families of revolutionary martyrs and revolutionary army men, all the demobilized officers and soldiers, and all the retired veteran officers and cadres. He spoke highly of the great contributions they had made to China's revolution and construction. [passage omitted]

Sichuan Reviews Progress Against Six Vices

*HK2301050190 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 18 Jan 90*

[Text] Over the past 2 months or so, our province has made remarkable achievements in eliminating the six vices. But there are also some problems that need to be solved immediately. For this reason, the provincial leading group for eliminating the six vices yesterday [18 January] held the second provincial telephone meeting on this work to make arrangements for the next stage.

Wu Xuede, head of the provincial public security department, briefed the participants on the situation of eliminating the six vices in the previous stage. Since November last year, various relevant departments of our province have made concerted efforts and adopted effective measures in this regard. By the end of December, the province had handled a total of 8,691 cases involving the six vices, arrested 33,296 law offenders, and seized and banned 2.8 million copies of unwholesome publications and more than 90,000 pornographic video tapes. Public trials were held in various localities to crack down on offenders.

The meeting pointed out that there are also some problems in this work that need to be solved immediately. 1. Many cases have been handled with excessive leniency rather than being handled severely. 2. There is an imbalance in this work. Some areas have not paid sufficient attention to this work and have not adopted effective measures. There are quite a few weak links in this respect. For this reason, the meeting emphasized that the party and government leaders in all localities must further increase their ideological understanding and work out effective and suitable measures to carry out in-depth struggles against the six vices.

Tibet's Hu Jintao Addresses Insurance Meeting

*HK2201151490 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 19 Jan 90*

[Excerpts] Over the past 2 years since its establishment, the Regional Insurance Company has provided insurance for 214 state-operated and collective enterprises, and individual industrial and commercial households, more than 30,000 motor-driven vehicles, 2052 freight transport, property of more than 20 resident households [as heard], and personal safety of more than 430,000 people, involving 2.3 billion yuan. More than 1120 insurance cases of all kinds have been handled, and economic losses amounting to more than 5.5 million yuan have been compensated. Our reporter got this information from a work report discussion of Regional Insurance Company held on 18 January.

Regional party, government and army leaders Hu Jintao, Jiang Hongquan, Wang Guangxi, Puquang, Gong Daxi, Qaba Gaisang Wangdui, Secretary General of Regional CPPCC (Chen Sen), Secretary of Lhasa City CPC Committee Qujia, and Chairman of Lhasa City People's Congress (Gao Zhizhen), and responsible comrades of the relevant regional bureaus and departments, and press units attended the discussion. [passage omitted]

Vice Chairman of the Regional People's Government Puquang spoke at the discussion. On behalf of the regional people's government, he extended his heartfelt gratitude for workers and staff members of the Insurance Company who are working hard. After that, he expressed his views on the way to vigorously develop insurance undertaking in our region. He said: Vigorously developing insurance undertaking in our region is particularly important for ensuring normal production and operation

of enterprises, stabilizing people's livelihood, reducing the loss of social wealth, and guaranteeing a sustained and stable economic development in our region. Insurance undertakings in our region have bright prospects, and great potential can be tapped in this regard. He hoped that insurance departments in the region would proceed from practical reality, further emancipate their minds, improve their work style, and follow a stable and down-to-earth manner in their work to continuously create a new situation in the insurance work in our region.

He added: We must make vigorous efforts to give publicity to the importance of insurance work, so that more and more people will understand the role of insurance, and actively participate in it. Through enthusiastic service, accurate and rational procedure, we must develop the prestige of our insurance companies. Insurance work must be carried out on a voluntary basis. Insurance companies must promote their own development and constantly enhance the working capability of their cadres.

In his speech, Regional CPC Secretary Hu Jintao said: We must further enhance our understanding of the importance of insurance undertaking. At present, people have failed to fully realize its importance. First, the concept of eating out of the same pot has still existed. Second, some people are still influenced by the idea of leaving things to chance. All this has affected our understanding of the importance of insurance undertaking. Therefore, we must strengthen our propaganda with definite objects in view to prompt people's desires for insurance.

Hu Jintao continued: Insurance undertaking must make efforts to serve economic construction in our region, and do some good and positive work for the masses. Agriculture and animal husbandry are important sectors in our region, and our economic pillars as well. We must make exploration to provide insurance for agricultural and animal husbandry production in light of our practical conditions. Insurance departments may conduct experiments first. For instance, they can first provide insurance for livestock. After achieving experiences, they can gradually promote their work to help the masses restore and develop production.

Regional People's Congress Vice Chairman Wang Guangxi also addressed the discussion.

Tibet To Spend More on Energy, Transportation

*OW1001003990 Beijing XINHUA in English
0901 GMT 9 Jan 90*

[Text] Lhasa, January 9 (XINHUA)—The Tibet Autonomous Region will spend more on energy and transport facilities this year to pave the way for economic development.

According to Mao Rubai, vice-chairman of the regional government, the region will allocate more than 300

million yuan (about 63.8 million U.S. dollars), or more than one half of its total investment in capital construction, to energy and transport projects this year.

With a vast area and rich natural resources, Tibet is poor in energy and transport.

Vice-Chairman Mao said that with state investment Tibet has built a number of hydroelectric and thermal power stations which generate more than 200 million kilowatt-hours a year.

Mao also said the region has formed a highway network with Lhasa, the regional capital, as the hub, and is upgrading the Sino-Nepal Highway and the Qinghai-Tibet Highway, an arterial highway linking the region with the interior of China.

Yunnan Pursues Grain Self-Sufficiency

*OW1201045490 Beijing XINHUA in English
0155 GMT 12 Jan 90*

[Text] Kunming, January 12 (XINHUA)—Yunnan Province, a long-time grain importer in Southwest China, is striving to be self-sufficient in grain within six years.

The province hopes to reap 12.5 billion kg of grain a year by 1996.

An official recently outlined the major tasks for agriculture in the next few years.

He said the province will build or expand 44 water-conservation projects so as to bring the total water storage capacity from the present four billion cu m to six billion cu m, and bring 45 percent of farmland in the province under irrigation.

Efforts should be made to form a scientific research system catering to agriculture and popularize six techniques for increasing crop output.

A service network including supply of production raw materials and purchase of farm produce will be set up, he said.

In addition, local governments will invest 1.1 billion yuan in agriculture, 22 percent more than last year.

Yunnan imports one billion kg of grain from other provinces each year. Though the province reaped 9.75 billion kg of grain last year—the second-highest harvest in its history—it still had to import large amounts of grain from other parts of the country.

North Region

Li Ximing Reviews Beijing's Discipline Work

OW2201131490 Beijing XINHUA Domestic Service
in Chinese 0727 GMT 15 Jan 90

[By RENMIN RIBAO reporter Yan Shigui (7346 0013 6311) and XINHUA reporter Huang Zhimin (7806 2535 2404)]

[Text] Beijing 15 Jan (XINHUA)—The participants in the Beijing municipal discipline inspection meeting, which ended today, stressed that leading cadres across the city must acquire a better understanding of objective reality, go deeper among the masses, carry out the basic work of improving clean government, and make new contributions to consolidating and developing the stability of the state.

Li Ximing, member of the Political Bureau of the CPC Central Committee and secretary of the Beijing Municipal CPC Committee, spoke at the meeting. He fully affirmed the importance of successfully implementing the basic work for improving clean government. Improving the party's workstyle with a clean administration as its central content is an issue vital to the destiny of the party and state. We must attend to it well and, as Comrade Deng Xiaoping has said, truly serve and do good deeds for the people. We must research how to carry out every task we undertake. We must conduct in-depth research and find out about the real situation so that we can carry out the task well; otherwise, we will not be able to go anywhere.

It has been learned that Beijing discipline inspection organs filed 2,555 cases for investigation and prosecution in 1989. A total of 907 persons turned themselves in and confessed to corruption and bribe-taking involving 6,642,000 yuan of illicit money, of which 2,037,000 yuan has been recovered, before the expiry of the deadline set by the joint circular of the Supreme People's Court and the Supreme People's Procuratorate. There has been a sharp drop in the amount of public funds being spent on entertainment. Various units reduced the amount they spent in this respect by an average of 30 to 40 percent last year, while it dropped by as much as 80 percent in some units. Children of cadres at the level of deputy mayor or higher all have left the circulation sector and been assigned jobs elsewhere. Further efforts were made to screen and reorganize the city's 5,677 companies, with the result that over 1,000 have been abolished, merged, or changed into noncorporate enterprises. The problem of 432 party and government cadres holding concurrent jobs in companies has been solved basically.

Meng Zhiyuan, secretary of the Beijing Municipal Discipline Inspection Commission, spoke at the meeting. He said: A major experience we have gained from our achievements is that we must pay close attention to the basic work of improving clean government. He urged discipline inspection organs at all levels in the city to

continue implementing this basic work and, in connection with the reality of Beijing, set forth the following seven demands:

1. Leading cadres at all levels must acquire a better understanding of the objective reality and the true situation of party workstyle and discipline in the city;
2. In investigating cases, the following must be done: leadership must be appointed, investigators assigned, an investigation plan adopted, and a deadline for concluding the case set. It is necessary to maintain the system of registering and counting cases and pressing for the handling of cases in order to improve the quality of investigative work and to raise the rate of cases concluded. While investigating cases of corruption, bribery, and speculation this year, discipline inspection organs at all levels must pay particular attention to cases involving violations of the decisions of the CPC Central Committee and the Beijing Municipal CPC Committee, serious violations of the principle of democratic centralism and organizational discipline, and cases involving interference or obstructions in screening and reorganization, abuse of power for personal gains, extravagance and waste, dereliction of duty, and serious bureaucratism. Investigations should be focused on leading party and government organs as well as on leading cadres with party affiliation;
3. Do a good job in handling accusations and complaints. It is necessary to earnestly file and process accusations and complaints submitted by party members and the people. Any retaliation against those who have brought accusations must be dealt with seriously if evidence is uncovered;
4. Further improve the methods and styles of education on party workstyle and discipline;
5. Further amplify rules and regulations. Discipline inspection organs at all levels should look into the problems in their units about which the people have complained most and see if there are any loopholes in their regulations. Any such loophole must be plugged to remove the soil for corruption and to consolidate the progress in improving clean government;
6. Pay close attention to implementing the system governing democratic activities of leading cadres. The discipline inspection commission must, in accordance with the party Constitution and other relevant documents, shoulder the responsibility of supervising and inspecting leading organs and leading cadres so that they will play an exemplary role in abiding by law and improving party workstyle; and
7. Continue to strengthen discipline inspection organs and their ranks.

Inner Mongolia Vice Chairman on 1990 Planning*SK1001040390 Hohhot Inner Mongolia Regional Service in Mandarin 2300 GMT 9 Jan 90*

[Text] While speaking at the national planning and financial work conference, Pei Yingwu, vice chairman of the region, pointed out that in 1990 the general target of the regional planning is to realize a decline, an improvement, and an appropriate increase. By the decline we mean effecting a decline in price increase rate from that of 1989; by the improvement we mean striving to improve economic efficiency; and by the appropriate increase we mean maintaining an appropriate increase in the economy.

To ensure the fulfillment of the aforementioned general target, Pei Yingwu called on all localities and all departments to pay attention to grasping the following points of work:

1. Top priority should be given to developing agriculture and animal husbandry with a view to strengthening the foundation. This year, under the guidelines of effecting a harmonious development in [words distinct] in line with respective local conditions, the region should try every possible means to strengthen the production of grain as well as farm and livestock products.

2. Tapping potential, renovation, [words indistinct], and transformation are the [words indistinct] for improving economic efficiency. We should reasonably readjust and optimize industrial structure, positively readjust the [words indistinct] of existing enterprises, and pay attention to the construction of key projects, such as agriculture, the energy industry, the raw materials industry, and transportation. We should also stabilize policies and enterprises, and help enterprises solve practical problems and difficulties so as to attain the purpose of stabilizing the economy and large enterprises.

3. Greater efforts should be made to cut demands, dredge circulation links, stabilize market prices, and curb inflation. Maintaining stability is an overriding task for this year. The stability in commodity prices constitutes the foundation of the stability in popular feeling and the society. This issue must attract our high attention. [words indistinct] Exercising control over the total social demand remains the most important task for [words indistinct], for curbing inflation, and for further improving the economic environment and rectifying the economic order.

4. Continued efforts should be made to open ourselves still wider to the outside world, and persistent efforts should be made to effect a big breakthrough in border trade and the economic and technological cooperations with the Soviet Union and Mongolia.

5. Readjusting the economic structure is the need of economic development. We should give priority to developing education and [words indistinct], and should strive to put population growth under control.

6. Efforts should be made to persist in and maximize the effectiveness of the existing reform measures, and strengthen the macroeconomic regulation and control. Special attention should be paid to controlling the [words indistinct] and maintaining a macroeconomic and overall balance. At the same time, we should guard against the replacement of administration with contracting.

Tianjin's Tan Shaowen Attends Work Conference*SK2101083490 Tianjin City Service in Mandarin 2300 GMT 17 Jan 90*

[Text] The 5-day municipal rural work conference concluded on 17 January. Through earnest study and in-depth discussions, participating comrades gained a common understanding of the endeavor to stabilize the rural situation and develop agriculture with the concerted efforts of urban and rural areas, and attained the purpose of unifying thinking, improving understanding, clarifying tasks, and enhancing confidence.

The guidelines of the national meeting to exchange experiences in comprehensive agricultural development were relayed and studied at the conference, the achievements and experiences in the reform and construction of the rural areas of our municipality were summarized, and the central tasks and fighting goals for the municipality's rural work for 1990 were worked out.

During the conference, Tan Shaowen, Nie Bichu, Liu Jinfeng and Wuzhen, major leading comrades of the municipality, gave reports and speeches.

The participating comrades held that these reports and speeches fully embodied the guidelines of the fifth plenary session of the party Central Committee and the national meeting to exchange experiences in comprehensive agricultural development, and the guiding thought of aiming at maintaining stability in doing everything and turning difficulties into opportunities as set forth at the fifth enlarged plenary session of the fifth municipal party committee.

The municipal party committee and government reiterated that the party's various reform policies for rural areas and the relevant policies of our municipality would be stabilized and not changed. This will play an important role in stabilizing the people's feelings and sparking the enthusiasm of the masses of peasants.

After analyzing the current rural situation in a scientific manner, the participants had the courage to face up to difficulties and to turn difficulties into opportunities, and actively suggested ways and means to overcome the difficulties based on the method of tapping potential. They pledged to make the best use of the favorable conditions of our municipality, rely on policies as well as science and technology, continuously increase agricultural investment, and strive to upgrade our municipality's agricultural production to a new level.

During the conference, the participating comrades exchanged their typical experiences, and studied measures to comprehensively develop agriculture, increase the supply of nonstaple foodstuff, and develop township enterprises in a steady and healthy manner. The municipal planning commission, science and technology commission, commerce commission, and finance and banking departments offered specific opinions on ways to make agricultural production successful, develop planning work, develop agriculture through science and technology, and increase the supply and enliven the use of agricultural funds.

The conference urged all suburban counties to conscientiously implement the guidelines of this rural work conference, and unify the thinking of cadres and the public in line with the series of (?principles) for strengthening agriculture given by the party Central Committee and the municipal party committee. It urged that all trades and professions throughout the municipality should continuously render great support for agriculture, that cadres at various levels and the people on the agricultural front should further pluck up their spirit and make the best of the situation to advance, and that urban and rural areas should exert concerted efforts to upgrade our municipality's rural economy to a new stage and make new contributions to stabilizing and developing our municipality's excellent situation.

Tianjin's Punishment of Corruption Reported

SK2001054890 *Tianjin TIANJIN RIBAO in Chinese*
28 Dec 89 p 1

[Text] This year, discipline inspection commissions at various levels across the municipality persistently punished the corrupt, strictly enforced party discipline, conscientiously investigated and handled undisciplined cases within the party, and made contributions to stabilizing the situation and promoting the construction of spiritual and material civilizations.

Over the past year, discipline inspection commission at various levels have: regarded defending the stability of the overall situation and supporting and promoting reforms and economic rectification and improvement as their guiding ideology; realistically attended to the enforcement of party discipline; and provided disciplinary guarantees for promoting the smooth progress of economic rectification and improvement and in-depth reforms. Particularly in the latter half of the year, discipline inspection commissions at various levels regarded the implementation of eight regulations as an important subject of improving party style, positively carried out the work of punishing the corrupt and strengthening the improvement of administrative honesty, and scored noticeable results.

Through analyzing the characteristics of the cases, particularly economic cases, handled by the municipal discipline inspection this year, there were some special characteristics as follows: Many leading cadres and huge sums of money were involved in the cases. Discipline

transgressors ganged up in large groups. Means for committing crimes could not be seen, so there were great obstacles to investigating and handling cases. Under the leadership of party committees, leading cadres of the discipline inspection commissions at various levels engaged in investigating and handling cases. The vast number of discipline inspection cadres persisted in principles, met difficulties head-on, eliminated obstacles, and concentrated efforts on investigating and handling a number of major and appalling cases of corruption and bribery—thus frightening some criminal offenders. As of the end of November, the municipality filed, investigated, and handled 791 undisciplined cases within the party. Of this, 334 cases were economic cases of corruption and bribery, accounting for 43.23 percent of the total; and 288 cases were cases of serious bureaucracy and discipline transgression, amounting to 36.4 percent of the total. All this has protected the progress of reforms and economic rectification and improvement.

Northeast Region

Sun Weiben at Heilongjiang Structural Conference

SK2101113090 *Harbin Heilongjiang Provincial Service in Mandarin* 1000 GMT 19 Jan 90

[Text] The provincial working conference on economic structural reform was held in Harbin on 19 January. In his speech, Chen Yunlin, Standing Committee member of the provincial party committee and vice provincial governor, pointed out the necessity of energetically and steadily promoting the reform with the purpose of improving the economic environment and rectifying the economic order.

Participating in the conference were responsible persons of various cities, prefectures, and counties; responsible persons of various commissions, offices, departments, and bureaus directly under the provincial party committee and government; plant directors and managers of various large and medium-sized enterprises; and chairmen of structural reform commissions and economic commissions of various prefectures, cities, and counties, 300 persons in all.

Also present at today's conference were leading Comrades Sun Weiben, Shao Qihui, Wang Zhao, Wang Luming, Chen Yunlin, Ma Guoliang, He Shoulun, Du Xianzhong, and Sun Lianju, as well as comrades of the State Structural Reform Commission.

Chen Yunlin, Standing Committee member of the provincial party committee and provincial vice governor, made a speech on behalf of the provincial party committee and the provincial government.

With regard to this year's major tasks for deepening the reform, Chen Yunlin said: This year, centering on the goal of the economic rectification and improvement, and focusing on the deepening of the enterprise reform, we should strive to stabilize, strengthen, readjust, and

improve the reform measures adopted in the past few years; should carry out these measures in an orderly and step-by-step way; should map out necessary supporting measures in an effort to bring about practical results; and should organically combine the economic rectification and improvement with the reform and economic development. To deepen the enterprise reform, we should concentrate our efforts on invigorating large and medium-sized enterprises, maximize the effectiveness of the enterprise contract system and the plant director responsibility system, deepen the supporting reform within enterprises, and positively and steadily promote the reasonable flow and optimum distribution of production elements. In addition, we should straighten out the economic order, the circulation order in particular, strengthen and improve the mechanism of macroeconomic regulation and control, and continue to uphold the retrenchment policy and the policy of giving special considerations to key trades and enterprises. We should gradually establish a macroeconomic regulation and control system conducive to promoting the steady development of the economy; and should continue to make experiments for reform.

Heilongjiang Arrests Gun-Wielding Criminals

SK2101081890 Harbin Heilongjiang Provincial Service
in Mandarin 1000 GMT 17 Jan 90

[Text] The provincial public security department today issued an order of commendation to commend the cadres and policemen meritorious in cracking the exceptionally serious case of illegal production and hiding of guns on 27 December 1989.

On 27 December 1989, the Keshan County Public Security Bureau arrested 15 criminals who produced and hid guns, and captured seven rifles, six .54 pistols and several dozen bullets. After interrogation, four of the criminals confessed that the purpose of their production of guns was to commit robbery, and others confessed that the purpose was hunting.

Jilin's He Zhukang Views Theatrical Programs

SK2101112890 Changchun Jilin Provincial Service
in Mandarin 1030 GMT 19 Jan 90

[Excerpts] This afternoon, Nanhu Guesthouse was permeated with a festive atmosphere because the outstanding national-class specialists in the province, as well as model laborers and excellent intellectuals, in Changchun happily gathered here to celebrate Spring Festival together. Gu Changchun, deputy secretary of the provincial party committee, presided over this Spring Festival get-together. Vice Governor Wu Yixia announced the namelist of the outstanding national-class specialists of the province. A provincial leading comrade issued honorable certificates to them. (He Ronghua), manager of Jilin Chemical Industrial Company, made a speech on behalf of all model laborers and excellent intellectuals in the province.

Comrade Wang Zhongyu said at the get-together: The past year is an extraordinary and unforgettable year. During the past year, the vast number of workers, peasants, intellectuals, and comrades on various other fronts removed obstacles and worked hard in a united manner under the leadership of the provincial party committee and the provincial government; and made contributions to overcoming serious natural calamities and the various difficulties caused by the economic retrenchment policy in addition to withstanding the trials from the political storm. These hard-won achievements are the result of the concerted efforts of the people from top to bottom, including the hard work and selfless dedication of you model laborers and outstanding intellectuals here. The new year has already begun. We should clearly notice that the tasks facing us are arduous and heavy. Each and every comrade should consciously shoulder the duties of maintaining a stable situation and safeguarding the stability of the overall situation of the province in order to ensure the smooth fulfillment of various tasks of this year. [passage omitted]

Viewing the theatrical programs together with model laborers and excellent intellectuals were leaders of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, the provincial Committee of the Chinese People's Political Consultative Conference, and the provincial Discipline Inspection Commission, including He Zhukang, Wang Zhongyu, Zhang Fengqi, Huo Mingguang, Liu Yunzhao, Du Qinglin, Gu Changchun, Wu Yixia, Li Demin, Gao Yan, Gao Wen, Hui Liangyu, and Wang Yunkun.

Quan Shuren Speaks at Liaoning Soiree

SK2101133490 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 19 Jan 90

[Text] This afternoon, the United Front Work Department under the provincial party committee held a Spring Festival tea party for comrades of various democratic parties and figures on all circles in the province. At the party, they happily gathered under the same roof to celebrate Spring Festival, each with a cup of green tea.

On behalf of the provincial party committee and the provincial government, Quan Shuren, secretary of the provincial party committee, wished them an early Happy Spring Festival. In his speech, Quan Shuren stressed: After the quelling of the rebellion, the united front should be strengthened, far from being separated. The consolidation and expansion of the united front should be regarded as the principle of the whole party. Party committees at all levels should strengthen leadership over the united front work. The whole party should attach importance to the united front work.

Attending the tea party upon invitation were leading comrades of the provincial party committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress, the provincial government, and the provincial

Committee of the Chinese People's Political Consultative Conference, including Quan Shuren, Sun Qi, Dai Suli, Wang Guangzhong, Zhu Jiazhen, and Xu Shaofu. Also attending were responsible comrades of various democratic parties and people's organizations as well as nonparty figures on various circles. The party attendance totaled 120 persons.

Liu Qingkui, director of the United Front Work Department of the provincial party committee, presided over the party. Quan Shuren, secretary of the provincial party committee, made a speech at the party. He said: The achievements scored by our province in the past year are inseparable from the support of various democratic parties and nonparty figures as well as other pertinent organizations. Here, I would like to extend my lofty respect and heartfelt thanks to you.

Quan Shuren pointed out: Consolidating and expanding the patriotic united front under the leadership of the CPC and uniting and depending on the people of all nationalities on all fronts are the basic guarantee for fulfilling all tasks. The coming decade is a key stage for fulfilling the general strategic goal of our country's socialist modernization drive, as well as the critical juncture that will decide on the rise or decline and the honor or disgrace of the Chinese nation in the coming century. As the first year of the 1990's, this year is the key year to improve the economic environment, rectify the economic order, and deepen the reform. Making this year's work a success will create a good beginning for accomplishing the fighting goal of the 1990's. We believe that with the concerted efforts of various democratic parties, various people's groups, and the people of all nationalities on all circles, we will be completely able to overcome the temporary difficulties facing us. [passage indistinct]

Quan Shuren at Liaoning Scientific Meeting

SK2201041290 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 16 Jan 90

[Text] The provincial meeting on scientific and technological progress, the first meeting cosponsored by the provincial party committee and the provincial government at a time when all people of the province just set their feet on the course of the 1990's, opened in Shenyang on 16 January.

The meeting defined the year 1990 as a year for scientific and technological progress.

On behalf of Governor Li Changchun, Lin Sheng, vice governor of the province, read a report entitled "Rely On Scientific And Technological Progress To Increase Economic Results And To Promote A Sustained, Steady, and Harmonious Economic Development." Provincial leaders Quan Shuren, Dai Suli, Wang Guangzhong, Xu Shaofu, Chen Suzhi, Liu Dongfan, Wang Zhongyu, Luo Erkang, Feng Yousong, Wen Shizhen, Xiao Zuofu, Wang Jiyuan, and Jiao Shuaizhang attended the meeting.

Guo Shuyan, vice minister of the State Science and Technology Commission, made a special trip from Beijing to attend the meeting, and made a speech at the meeting.

The main meeting place was the Liaoning People's Theater in Shenyang. Simultaneously, 88 minor meeting places were separately set up in various cities and counties.

Li Changchun pointed out in his report: The guiding ideologies of defining the year 1990 as a year for scientific and technological progress are to organize and mobilize the people and the ranks of science professionals and technicians to serve the goals of developing the national economy, improving the economic environment, rectifying the economic order, and deepening reforms; to fully use existing conditions and comparatively mature technologies; to turn, as soon as possible, scientific and technological findings into practical productive forces; and to create more economic results and social benefits. During the year for scientific and technological progress, we should concentrate on attending to the realization of 10 tasks, such as popularizing and applying a large number of scientific and technological findings, contracting for the large-scale development of agrotechnologies, grasping a group of scientifically and technologically advanced enterprises, and developing a number of new products. During the year for scientific and technological progress, the province should arrange and popularize 100 advanced technologies with a view to increasing 4 billion yuan of output value and 800 million yuan of profits. This year, the province should organize 200 enterprises to join the campaign of being scientifically and technologically advanced enterprises. We should develop 5,000 new products and ensure to have 4,000 of them put into production. Meanwhile, we should popularize and apply a number of new technologies.

Li Changchun stressed in his report: Party and government leaders at various levels should organize and mobilize science professionals and technicians and the broad masses of cadres and people, pool their concerted efforts, and adopt various forms to have them actively join the campaign of the year for scientific and technological progress. The general economic departments and the scientific and technological departments should strengthen overall management and do a good job in organizing, coordinating, and serving the campaign. Scientific research institutions, universities and colleges, and large and medium-sized enterprises should bring into full play their roles in rejuvenating Liaoning.

Governor Li Changchun also pointed out in his report: The major tasks for relying on science and technology to rejuvenate Liaoning in the course of improving the economic environment and rectifying the economic order are to attend to the work in three spheres. First, we should rely on scientific and technology progress to reap a good agricultural harvest. Based on consolidating and developing such effective social system engineering projects as the spark plan, the vegetable basket project,

and the program for building 100 scientific and technological demonstration villages, 20 scientific and technological demonstration townships, and 3 scientific and technological demonstration counties, we should firmly attend to the key link of relying on science and technology to develop agricultural production, vigorously popularize and apply scientific and technological findings, set up an overall agrotechnological coordination and service system principally characterized by group contracts for popularization of agrotechnologies and the support of the poor with science and technology, and develop agricultural production along with the orientation of appropriately large-scale production, specialization, and socialization. Second, we should rely on scientific and technological progress to upgrade enterprises' technological level and economic results and to maintain a proper economic growth rate. Enterprises should give prominence to the role of scientific and technological progress in the three spheres of transforming traditional enterprises, developing new products, and being scientifically and technologically advanced enterprises. Third, we should deepen the reform of the scientific and technological system and set up a new mechanism for closely linking science and technology with the economy. We should further implement the central authorities' decisions on scientific and technological structural reform; and continue to deepen the reform of the systems of allocating funds, pioneering technological markets, linking science and technology with production, and giving free rein to science professionals and technicians.

Northwest Region

Gansu Secretary Attends Correspondents Meeting

HK2201151690 Lanzhou Gansu Provincial Service
in Mandarin 1030 GMT 18 Jan 90

[Text] Provincial party committee Secretary Li Ziqi recently gathered information about the local situation in Gansu by talking to this radio broadcasting station's correspondents. He inquired about all prefectures, autonomous prefectures, and cities throughout the province. On the same occasion, he also set some specific requirements regarding the province's economic development this year. He gave guidelines for the relevant news coverage.

This radio station held in Lanzhou a meeting of correspondents from 4 to 10 January. Despite his intensive work schedule, Comrade Li Ziqi made a special appointment to call on correspondents during the meeting. He asked every correspondent's name and inquired of them about the areas where they were assigned.

With great interest he asked (Dong Shifeng), the station's correspondent to Qingyang: How is the snowfall in Qingyang prefecture this year? Comrade (Dong Shifeng) replied: It has snowed in good time! It is a very good omen indeed for the growing of winter wheat!

Some correspondents told Comrade Li Ziqi that last year witnessed a very gratifying development of agriculture and a real bumper harvest throughout the province. Comrade Li Ziqi said: Despite a good situation, we must keep cool-headed, be aware of existing problems, and make concerted efforts to keep the favorable trend develop. To do a good job this year, we must particularly carry on our propaganda to inspire people. We cannot inspire people without propaganda and the efforts of the press. In inspiring people we are to bring their initiative into full play, enable them to reach a common understanding, and push them to overcome difficulties and do a better job. Both newspapers and radio and television broadcast are very important. In a certain sense broadcasts can reach more people.

To conclude Comrade Li Ziqi said: We must maintain harmonious development in Gansu. Our province will have bright prospects so long as it can keep on developing steadily.

Gansu Secretary Visits Poor Peasant Households

HK2301100090 Lanzhou Gansu Provincial Service
in Mandarin 1030 GMT 21 Jan 90

[Excerpts] From 18 to 20 January, provincial party committee Secretary Li Ziqi led a group of comrades responsible for the provincial departments in charge of the civil service, grain supply, and the building of the two civilizations, to visit some poor peasant households in the mountain areas in (Yufeng) township of Dingxi county and at (Majiapu) village of (Houzhe) township in Huining county. They also discussed with cadres there how to help the poor households tide over the present difficulties. They discussed some measures to extricate them from poverty and make them rich. [passage omitted]

Braving bitter cold, Li Ziqi visited the most poor peasant households there. He chatted cordially with villagers and inquired about their production and life. Li Ziqi said: Over the past few years the province's situation as a whole has been excellent. The province reaped agricultural bumper harvests for 7 years running, but some areas were stricken by natural disasters to varying degrees, and in particular some rural areas in [words indistinct] Dingxi, (Yufeng) and Huining were hit by natural calamities for 4 consecutive years. Natural conditions there are very poor, and the people are in difficulty. They badly need more help and support from the party and state. Party and government leaders at different levels should, therefore, pay adequate attention to the difficulties emerging in those areas. [passage omitted] Li Ziqi also said: Being concerned about the weal and woe of the people is the fine work style of our party, and we must carry forward the style. Cadres of different levels, and especially leadership cadres, should develop the spirit of dealing with concrete matters relating to work in the future, spend a considerable length of time every year in factories, rural areas, and

schools, conduct investigations, and study to solve problems facing the grass-roots units. When visiting grass-roots units, leading cadres are not merely required to hit only the high spots, they should do work in a down-to-earth manner among the masses, explaining to them the political situation, the party's policies, and their bright future, arousing their fighting will, and encouraging them to brace up. [passage omitted]

Gansu Leaders Attend Lunar New Year Reception

HK2301120090 Lanzhou Gansu Provincial Service
in Mandarin 1030 GMT 22 Jan 90

[Excerpts] The Gansu Provincial CPC Committee and Provincial People's Government held a grand reception in celebration of the impending arrival of the Lunar New Year Festival for all the retired provincial cadres in Lanzhou this morning.

Li Ziqi, secretary of the Gansu Provincial CPC Committee; Xu Feiqing, chairman of the Gansu Provincial People's Congress Standing Committee; Jia Zhijie, governor; Ge Shiying, chairman of the Gansu Provincial CPPCC Committee; Lu Kejian, deputy secretary of the Gansu Provincial CPC Committee; Yan Haiwang, vice governor; and some other provincial party and government leaders arrived at the reception on time to extend holiday greetings to a group of veteran comrades, and retired provincial party and government cadres at and above vice governor level. [passage omitted]

The reception was presided over by Lu Kejian, deputy secretary of the Gansu Provincial CPC Committee.

On behalf of the Gansu Provincial CPC Committee and the Gansu Provincial People's Government, Jia Zhijie, governor of Gansu Province, extended holiday greetings to all the veteran comrades present at the reception and all the retired veteran comrades in Gansu Province. He said that over the past year, Gansu has made gratifying achievements on all fronts. This has fully borne out the correctness of the CPC leadership and the strong vitality of the socialist system. [passage omitted]

Gansu Officials Discuss Six Vices Campaign

HK2301115890 Lanzhou Gansu Provincial Service
in Mandarin 1030 GMT 22 Jan 90

[Excerpt] This morning, the Gansu Provincial CPC Committee and the Gansu Provincial People's Government held a telephone meeting on furthering the campaign aimed at eliminating the six vices.

The meeting was presided over by Yan Haiwang, deputy secretary of the Gansu Provincial CPC Committee and concurrently vice governor of Gansu Province. Mu Yongji, vice governor, delivered a speech at the meeting.

The aim of this morning's meeting is to implement to the letter, the resolution of the 12th Plenary Session of the

7th Gansu Provincial People's Congress Standing Committee on Furthering the Campaign Aimed at Eliminating the Six Vices with a view to furthering the struggle aimed at eliminating them in breadth and depth.

Vice Governor Mu Yongji said that by 15 January, 1990, Gansu had cracked a total of more than 2,500 cases involving six vices, arrested a total of 10,004 criminals involved, and captured a batch of drugs, and pornographic goods and publications totaling over 13.5 million yuan. [passage omitted]

Qinghai Secretary Attends Agriculture Meeting

HK2301023590 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 20 Jan 90

[Excerpt] Yesterday morning the provincial party committee and government held a meeting of agricultural department and scientific research unit cadres to sum up 1989 work experiences and make arrangements for 1990. Yin Kesheng, provincial party secretary; Tian Chengping, deputy secretary; Ma Yuanbiao, vice governor; and other leaders were present on the occasion.

On the situation of last year's agricultural and animal husbandry production, Vice Governor Ma Yuanbiao said that Qinghai fulfilled the agricultural and animal husbandry production quotas; output of grain and edible oil was at an all-time high; township and township enterprises overfulfilled the annual targets; good results were achieved in animal husbandry after conquering natural disasters; and land development, water conservancy projects, support for poverty stricken households, meteorological work, and scientific research all developed markedly. Reform in all fields developed in depth, and ideological and political work was further strengthened. All this has laid a solid foundation for this year's agricultural and animal husbandry production.

On the arrangements for this year's production, vice governor Ma Yuanbiao urged units under the agricultural department to organize party members, cadres, and staff members to study for a period of time the spirit of the 5th Plenary Session of the 13th CPC Central Committee and the 4th plenary session of the 7th provincial CPC committee; to increase confidence in improvement, rectification, and deepening reform; and to ensure implementation of the measures adopted to increase agricultural and animal husbandry production.

Provincial party secretary Yin Kesheng delivered a speech at the meeting. [speech indistinct] [passage omitted]

Shaanxi Secretary Visits Media Units

HK2201140490 Xian Shaanxi Provincial Service
in Mandarin 0500 GMT 18 Jan 90

[Text] Yesterday afternoon, Zhang Boxing, secretary of the Shaanxi Provincial CPC Committee, went to the head offices of SHAANXI RIBAO, Shaanxi Branch of the NEW CHINA NEWS AGENCY, Shaanxi Provincial

Radio and Television Department, and Shaanxi Provincial News and Publication Bureau to see and express thanks and appreciation to the staff and workers there.

Comrade Zhang Boxing showed great concern for the work and livelihood of the staff and workers of the aforementioned units and conscientiously listened to the views and demands put forward by the staff and workers there.

Accompanying Comrade Zhang Boxing during his visit to the aforementioned units were (He Jingmin), secretary general of the Shaanxi Provincial CPC Committee; (Wang Jicai), director of the Propaganda Department of the Shaanxi Provincial CPC Committee; (Liu Wenyi), deputy director of the Propaganda Department of the Shaanxi Provincial CPC Committee; and some other provincial party and government leaders.

Shaanxi Secretary Addresses Awards Meeting

*HK2201071590 Xian Shaanxi Provincial Service
in Mandarin 0500 GMT 17 Jan 90*

[Text] The Shaanxi Provincial Personnel Department held a meeting yesterday to confer certificates of merit on the scientific and technological personnel who have made outstanding contributions to the state. At the meeting, the department also announced its decision to raise the salaries of these scientific and technological personnel by two or three grades.

Zhang Boxing, secretary of the Shaanxi Provincial CPC Committee, attended and spoke at yesterday's meeting.

Since 1984, (Hou Boli) and 34 other scientists and technicians of Shaanxi Province have been named one after another by the state as experts who have made outstanding contributions to the state. Some of them have produced important inventions in the industrial and agricultural fields, while others have made major breakthroughs in their research on basic theories or have made important achievements in their high-tech, modern technology, new materials, or medical science research. The scientific research achievements made by these scientists and technicians have greatly promoted Shaanxi's, and China's, economic and social development.

In his speech at yesterday's meeting, Comrade Zhang Boxing fully affirmed the achievements made by Shaanxi's scientific and technological personnel and urged the broad masses of the scientific and technological personnel in Shaanxi to guard against arrogance and rashness and to make more and greater contributions to Shaanxi's as well as China's development in 1990.

Comrade Zhang Boxing also demanded that party and government leaders and personnel departments at all levels implement to the letter the CPC policies toward intellectuals, pay more attention to heightening the political status of intellectuals and improving the material treatment of intellectuals, give intellectuals practical help in resolving problems in their work and daily life, and make every possible endeavor to create a fine work environment for intellectuals.

A number of provincial party and government leaders, including Zhang Ze, chairman of the provincial CPC

Advisory Committee; Li Xipu, chairman of the provincial People's Congress Standing Committee; Zhou Yaguang, chairman of the provincial CPPCC Committee; Dong Jichang, deputy secretary of the provincial CPC Committee; Xu Shanlin, vice governor of Shaanxi Province; and so on also attended yesterday's meeting.

Xinjiang Secretary Views Role of Armed Police

*HK2301103290 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 18 Jan 90*

[Text] Wang Enmao, vice chairman of the Chinese People's Political Consultative Conference National Committee and chairman of the regional advisory commission; and Song Hanliang, secretary of the regional party committee, delivered important speeches yesterday at an enlarged meeting of the party committee of the Xinjiang Regional Armed Police Force. They urged party committees at all levels of armed police force units throughout the region to conscientiously implement the spirit of the 4th and 5th Plenary Sessions of the 13th CPC Central Committee and the enlarged meeting of the Central Military Commission; maintain a highly stable contingent of armed policemen; ensure centralized leadership; further enhance the Armed Police Force's political integrity; increase Armed Police Force units' fighting capability and comprehensive quality; and build the Armed Police Force into a force loyal to the party, to the country, to socialism, and to the people.

In his speech Comrade Song Hanliang pointed out: In the past 7 years since its founding, the Xinjiang Regional Armed Police force has made extremely important contributions in safeguarding political stability and unity in the region, maintaining smooth development of reform and opening up, and promoting economic development in the region. Song Hanliang urged the party committees at all levels of the Xinjiang Regional Armed Police force to keep cool-headed and highly alert, and ensure that the Armed Police Force will always meet the political requirements.

In his speech, Comrade Wang Enmao demanded that the party committees at all levels and all the officers and fighters of the Xinjiang Armed Police Force steadfastly uphold the four cardinal principles, keep a strong sense of class struggle, and adhere to the principle of the people's democratic dictatorship in the face of the current complicated domestic and international situation; resolutely struggle against the imperialists' conspiracy of peaceful evolution, against bourgeois liberalization, against separatist forces at home and abroad, and against all hostile forces which attempt to overthrow the CPC's leadership and to subvert the socialist system; and make new contributions to strengthening the party's leadership, strengthening political work within the Armed Police Force, improving the Armed Police Force's combat strength, effecting reunification of the motherland, maintaining domestic stability, promoting national solidarity, consolidating and developing political stability and unity, ensuring the smooth developing of the reform, opening up, and four modernizations in the region.

Mainland Dissident Group To Open Liaison Office

OW1201022990 Taipei CHINA POST in English
6 Jan 90 p 11

[Text] The Federation for a Democratic China (FDC) will announce the opening of its Taiwan liaison office today, a federation representative said in Taipei yesterday.

The opening ceremony for the Assistance for a Democratic China Association will be held at three p.m. at Taipei's Asiaworld Plaza Hotel. The association will inform the Taiwan public about the exiled democracy movement's efforts and raise much-needed funds, said FDC's Taiwan board member Huang Wei-cheng.

FDC Secretary General Wan Jun-nan and board member Su Hsiao-kang will preside over the opening ceremony. The two leaders and about ten other FDC members arrived in Taipei individually for a seminar on China's democracy movement and to visit the island.

Founded in Paris last Sept. 22, FDC claims to have 1,400 members with branch offices in London, Bonn, New York, San Francisco, Sydney and Tokyo. The FDC does not want to open a branch in Taiwan due to the complex procedures regarding overseas organizations setting up an office here, Huang said.

FDC hopes to develop into a political force strong enough to challenge the Chinese Communist Party in six years time. Its ultimate goal is to bring about political pluralism on the mainland.

To achieve its goal, the FDC is lobbying foreign governments to apply economic sanctions against Peking and channeling democracy messages back to mainland through various means, including U.S.-based radio broadcasts and a monthly journal.

Most of the 35 staff at the Paris headquarters are intellectuals who organized last summer's democracy protests in Peking, which were suppressed on June 3-4. More than 100 activists were smuggled out of China by Western and Hong Kong sympathizers.

The FDC has been bombarded by criticisms of its younger members' extravagant lifestyles. The other problem is the drying up of donations.

Some Western observers have openly doubted how much longer these exiles can persevere before the problem of finding a livelihood sends them into the stream of other Asian refugees who eke out a living by doing menial jobs in Europe or the U.S.

But FDC leaders are optimistic. "The protests in mainland China hastened the reforms in East Europe. In turn, the victory of the Romanian people over Nicolae Ceausescu will hasten the downfall of Teng Hsiao-ping," said FDC Secretary General Wan Jun-nan.

Shaw Cites Hong Kong's 'Revolutionary' Role

HK1001023990 Hong Kong SOUTH CHINA
MORNING POST in English 10 Jan 90 p 10

[By Daniel Kwan in Taipei]

[Text] Hong Kong would play a role in the downfall of Chinese communism similar to that played by West Berlin in the recent democratisation movement in Eastern Europe, said a spokesman of the Taiwan Government, Mr Shaw Yu-ming, yesterday.

In a meeting with a delegation of Hong Kong journalists, Mr Shaw compared Eastern Europe with China and said his government was confident that drastic changes would happen to the mainland's leadership before 1997.

He compared Hong Kong with West Berlin and the Berlin Wall with the Shenzhen Special Economic Zone, which is just north of the territory.

"People in China can see that life in Hong Kong is much better than that in Chinese cities or villages," he said.

"With respect to China, Hong Kong will play a 'revolutionary and explosive' role in bringing about the downfall of the communist regime in China," he said. However, he warned that Taiwan would have to reconsider her relationship with Hong Kong if Beijing implemented drastic changes in the territory after 1997.

"The higher the degree of autonomy Hong Kong people enjoy, the closer will the relationship between Taiwan and Hong Kong be," he said.

He also assured Hong Kong people that the Taiwan Government would not change her policy towards the territory and would continue to support Hong Kong people in building a democratic system.

He said Taiwan had yet to consider giving Hong Kong people citizenship in a way similar to the UK right of abode package.

PRC Labor Exports Called Espionage Cover

OW1501061190 Taipei CNA in English
0257 GMT 15 Jan 90

[Text] Taipei, Jan. 15 (CNA)—Under the cover of labor exports, the Chinese communists are accelerating their overseas spying and infiltration activities, sources familiar with mainland affairs said Sunday.

The sources noted that Peking's Hua Lung Labor Service Company is jointly run by the communist "Ministry of State Security" and "Foreign Ministry".

Half of the company's personnel are from the "Ministry of State Security" which plants agents among exported labor and sends them overseas for intelligence activities, the sources added.

The "Foreign Ministry" handles the public business of the company which mainly includes securing visas for the laborers, the sources said.

They also pointed out that since many Mainland Chinese want to travel abroad for personal reasons, "Ministry of

State Security" personnel are illegally selling passports. The price for a passport obtained through the Hua Lung Labor Service Company costs up to 10,000 Renminbi, or approximately 20 years' income for a mainland peasant.

Official Rejects PRC Offer on GATT Admission

OW1801020690 Taipei CNA in English
1603 GMT 17 Jan 90

[Text] Taipei, Jan. 17 (CNA)—A government spokesman said Wednesday that [words indistinct] accept Peking's offer to apply for the ROC's [Republic of China] admission to the General Agreement on Tariffs and Trade (GATT).

Vice Economics Minister Wang Chien-shien, spokesman for the Economics Ministry, said the government had already applied to become a contracting party to GATT under the name of "Taiwan, Penghu, Kinmen and Matsu Customs Territory."

It was reported that Peking would not [be] opposed to Taiwan's joining GATT, but that this must come after communist China has joined it and that the application must be filed by Peking on behalf of Taipei.

This kind of strategy apparently aims to downgrade the ROC into a local government, Wang pointed out. "We will never accept it."

He urged all contracting parties to GATT not to succumb to political pressure from Peking; otherwise "the GATT spirit of promoting world trade will be dead."

As to reports that the United States wanted the governments on both sides of the Taiwan Straits to consult each other over Taiwan's joining GATT, Wang said he had had no word of it.

Wang added that the current ROC policy was not to talk with the communist regime on the China mainland.

Foreign Ministry officials, declining to make any comment on the reports, said it was unlikely that the government would enter into talks with Peking in accordance with its current "three no's" policy of no contact, no talk, and no compromise with Peking.

A Foreign Ministry official stressed Taipei's attempts to join GATT had been made purely on economic grounds, so that its application should not be intervened by political reasons.

Economic officials said Belize and Costa Rica had notified GATT Secretariat of their support for ROC's bid to join the world trade body.

Barring political intervention, they expected more GATT members to support the ROC application even though they maintain only economic and trade ties with the ROC.

Vice Minister Wang said the government had followed the GATT rule to apply as a separate customs territory,

and as the world's 13th largest trading country now, the ROC is poised to become one of the top ten trading countries in 2000.

In 1989, the ROC's real tariff rate had been lowered to seven percent, indicating that the ROC's economic liberalization was far ahead of many GATT members.

On the contrary, he said, communist China does not fit in GATT requirement for joining because it does not have a market economy.

If GATT agreed to communist China's membership, the only explanation would be "political intervention," he said. "If things should turn out like this, it would be a saddening development for GATT because its founding spirit would have been lost," he said.

Kuomintang-Run Firm To Set Up Office in SRV

OW1301053490 Taipei International Service in English
0200 GMT 8 Jan 90

[Text] The Kuomintang-run China Trade and Development Corporation has decided to establish its branch office in Ho Chi Minh City, Vietnam, after the Lunar Chinese New Year in late January. This is the first time that a Kuomintang-run enterprise has been maneuvered into a socialist country.

Although the ruling party has been quite conservative with its foreign trade policies with socialist countries, the Kuomintang-run enterprises have been quite aggressive in developing trade ties with them. For instance, in August 1988, China Trade and Development Corporation dispatched a market research team to Vietnam to investigate investment opportunities there. But it was not until a year after that the government opened the official door for trading with socialist countries.

China Trade and Development Corporation has recently signed a trade contract with Vietnam with a cash value of \$2 million. A spokesman for the corporation expressed its desire to further the trade ties following the establishment of the trade firm in Ho Chi Minh City.

SRV Official Visits, Expects Economic Ties

OW1801192290 Taipei CNA in English 1532 GMT
18 Jan 90

[Text] Kaohsiung, southern Taiwan, Jan. 18 (CNA)—A ranking Vietnamese official said here that he expected economic and trade relations between Vietnam and the Republic of China [ROC] to become closer.

Tran Diep, vice minister of Vietnam's Ministry of Machinery, Engineering and Metallurgy, said he would rule out the possibility that his ministry might seek [words indistinct] from the ROC.

Tran, here on a fact-finding visit, added that the ROC's successful economic development is an ideal model for Vietnam to follow.

The highest-ranking Vietnamese official to visit the ROC since communists took power in that Southeast Asian nation toured the state-run China Steel Corp. and Nantzu export processing site in southern Taiwan.

Impressed by China Steel's enormous production capacity and modern equipment, Tran asked the company to consider providing technical assistance to steel companies in his country. The steel company reportedly gave him a "satisfactory response."

Evergreen Airways, Vietnam Sign Aviation Accord

OW1801192490 Taipei CNA in English 1528 GMT
18 Jan 90

[Text] Taipei, Jan. 18 (CNA)—Minister of Communications Clement Chang confirmed Thursday that Evergreen Airways and Vietnam had signed a civil aviation agreement on flight rights in preparation for the restoration of flights between the Republic of China [ROC] and Vietnam. However, flights between the two nations will probably not start until the newly-founded Evergreen airlines receives its Boeing planes at least one and a half years from now.

Chang indicated that his ministry was actively seeking international flight rights, especially to East European nations. He said the ROC has already gained [words indistinct] to fly through East European countries and that the Ministry of Communications would now try to gain landing rights in these nations.

Cultural, Economic Association With Burma Opens

OW0401182790 Taipei CNA in English 1500 GMT
4 Jan 90

[Text] Taipei, Jan. 4 (CNA)—The Republic of China-Burma Cultural and Economic Association was officially established Wednesday in Taipei to support cultural exchanges and economic cooperations between the peoples of the two countries.

Addressing the inaugural ceremony, Chairman Shih Yushan said that with the establishment of the association, the Republic of China would definitely see its substantive relations with Burma upgraded.

The Republic of China does not maintain diplomatic relations with Burma.

Commentary Views Presidential New Year Message

OW0401111890 Taipei International Service in English
0200 GMT 4 Jan 90

[Station commentary: "President Li's New Year's Message"]

[Text] Echoing the New Year's Day messages of other leaders of democratic nations, President Li Teng-hui of

the Republic of China on Taiwan predicted that communism, at least in its orthodox, hardline form, is on its last legs. "Totalitarian communist regimes, which take their own people to be their enemy, are crumbling and falling one after another as people awaken to the value of human dignity," Li said.

"The calls for political development are reverberating far and wide," he added, as witnessed in East Europe in recent weeks. The 20th century gave birth to communism, yet it will also be the one in which communism meets its end. Alas, man's tremendous progress in this century has rendered Marxism outdated.

Li also predicted that as communism fades from the scene in Mainland China, the Taiwan experience will assume greater importance in the mainland's developmental affairs. Li said all Chinese can identify with the lifestyle achieved on Taiwan, and Chinese on the mainland aspire to enjoy it.

Li said that the 90s must be the time for putting the finishing touches on the Taiwan model, while striving to unify the country under freedom and democracy.

The President, who has championed social order as the basis for further democratic development, spent the second half of his New Year's address stressing the need for public order and unity.

"We must place special emphasis on using education and guidance to help maintain public order, so that those who try to get by with whatever they can will not end up bitterly remorseful because they did not know better," he said.

In making his point about the need for more vigilance on social order, President Li also urged the people to be more tolerant of other people's ideas. Democracy is founded on law and order, institutions of government, and tolerance of opposing ideas, he said, and the country will not be able to advance on its democratic [as heard] without these vital components.

That President Li chose to pound away at the importance of social order is not surprising. Since taking office in January 1988, Li has walked a political tightrope while trying to maintain order during a period of tremendous social, economic, and political transformation on Taiwan.

On the one hand, Li has presided over an ongoing political liberalization program set into motion by his predecessor, Chiang Ching-kuo. On the other, Li must guide the nation through the turbulent period of adjustment to pluralism and opposing views.

This has not been an easy task. With liberalization comes a great deal of testing of the new order. Unfortunately, some citizens take advantage of the situation, and use destructive and selfish means to advance their causes.

This has caused great strains on unity, and poses a great leadership challenge for Li. Thus far, he has proven an able pilot, ready to guide Taiwan to a soft landing in the ranks of the developed nations, before the end of this decade.

Hong Kong

Further Reportage on Basic Law Session

Posts Barred to Foreigners

HK1901025990 Hong Kong HONGKONG STANDARD in English 19 Jan 90 p 3

[Text] Another two key Special Administrative Region [SAR] posts—the Commissioner of Immigration and the Inspector-General of Customs and Excise—will be barred to foreign nationals and those with the right of abode in other countries.

The Basic Law Drafting Committee political sub-group decided this yesterday, two days after imposing similar restrictions to key posts including the chief executive, chief justice and Executive Councillors.

Yesterday's decision was one of the series fresh restrictions on the nationality of post-1997 leaders imposed since the announcement of the British nationality package.

The two posts decided yesterday were included in nationality restrictions in the first Basic Law draft but were taken out in the second following criticism from the public.

The sub-group's mainland co-convener, Mr Xiao Weiyun, said yesterday drafters agreed to the nationality restrictions because of the importance of the posts.

He said the idea of imposing restrictions was not new.

Article 100 of the Basic Law stipulates that the following posts in the future SAR's government can be held only by Chinese nationals with no right of abode in foreign countries:

- Departmental secretaries and their deputies.
- Bureau directors.
- The Commissioner Against Corruption.
- The Director of Audit.
- The Commissioner of Police.
- The Commissioner of Immigration.
- The Inspector General of Customs and Excise.

The drafting sub-group also decided to tighten Article 103 requiring top Government officials to pledge support to the Basic Law and to swear allegiance to the SAR.

Officials who will have to do this now include the chief executive, principal Government officials, Executive and Legislative Council members, judges of all levels and other members of the Judiciary.

The new restrictions came after Britain offered 225,000 Hong Kong people full citizenship and are seen by analysts as an effort by China to insulate itself against internationalisation.

And after a heated exchange, the sub-group also decided the SAR's electoral law would be decided by the SAR after 1997, instead of by the Basic Law drafters now.

The electoral law covers the details of constituencies, the divisions of functional constituencies and the selection process for the grand electoral college.

Legislator Nationality Restricted

HK2101022090 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 21 Jan 90 p 2

[By Chris Yeung in Guangzhou]

[Text] China has imposed new restrictions on the nationality of post-1997 legislators by confining the number of foreign nationals to no more than nine, or 15 percent of the 60-member lawmaking body.

The Basic Law Drafting Committee's political sub-group has approved by a great majority to insert a new article in the mini-constitution after years of debate over the issue.

The new article says the future Special Administrative Region [SAR] legislature should be composed of Chinese nationals who are permanent residents in the SAR and have no right of abode in foreign countries.

Non-Chinese nationals who are permanent residents of the SAR and Chinese nationals who are permanent residents of the SAR and have the right of abode in foreign countries can also be elected to become legislators, but their share should be no more than 15 percent of the legislature, Article 67 now says.

The Sino-British Joint Declaration says the future legislature should be constituted by elections, but has not specifically mentioned the nationality of legislators.

The latest nationality restrictions followed tightening up of the nationality requirement of the chief executive and top government officials of the SAR decided by the sub-group, in a clear move to counteract the influence of the British offer of full citizenship to 50,000 Hong Kong families.

Asked if the restriction was a result of the British plan, senior Chinese official, Mr Li Hou said: "Of course it is. There are new developments. You all know what they are. It's not we who first violated the Joint Declaration. We have not violated the Joint Declaration."

Mainland co-convener of the sub-group, Mr Xiao Weiyun, said: "Hong Kong should have foreign nationals sitting on the legislature. But there should not be too many. It's not anti-foreignism. Hong Kong is already an exception. As a matter of principle, only nationals in a country should be allowed to sit on the legislature."

"We've also taken into account the number of foreign nationals now in the Legislative Council," he said.

Mr Xiao said they had not discussed in detail how to implement the ceiling for foreign nationals, adding "it is a matter for the future SAR government".

Mr Li said: "Nothing is not feasible. We think it's very feasible. For instance, if the number of elected legislators who are foreign nationals outnumbered the ceiling of nine, the election committee could hold another election. There's got to be a way."

Of the 16 sub-group members, 14 supported the proposal. One opposed and one local drafter, Miss Maria Tam, abstained.

A supporter of the new restrictions, Miss Liu Yiu-chu said: "We fully respect that there should be legislators with a foreign nationality. We hope that they can contribute in the legislature to help maintain the territory's international financial status."

"It's not racial discrimination, but there should not be a wide political participation of foreign nationals. It affects the state sovereignty and might lead to international supervision of the future SAR."

NPC Intervention Asked

HK1901024990 Hong Kong HONGKONG STANDARD
in English 19 Jan 90 p 1

[By Ma Miu-wah in Guangzhou and Tonny Chan]

[Text] Basic Law drafters yesterday decided to ask China's National People's Congress [NPC] to take another look at mainland nationality laws as they will apply in Hong Kong after 1997.

This follows a warning from a top mainland official that if the law is applied strictly, all local officials in the Special Administrative Region [SAR] Government—including those holding full British Nationality—will be treated compulsorily as Chinese nationals and not be entitled to British consular protection.

The Basic Law Drafting Committee's political subgroup yesterday discussed measures to prevent China applying Article 12 of its nationality laws in the Hong Kong SAR after 1997.

Article 12 says state officials and military personnel cannot renounce their Chinese nationality.

Emerging from the subgroup meeting in Guangzhou yesterday, local co-convenor Dr Raymond Wu Wai-yung acknowledged the article might conflict with Hong Kong's practice of employing expatriates as civil servants.

He said the sub-group was aware local civil servants were uncertain how Article 12 may be applied after 1997.

The drafters also discussed what should be done about racial minorities in Hong Kong, mostly Indians and Pakistanis, who will become stateless in 1997.

"As Hong Kong is a special case to China, it should be specially treated," Dr Wu said.

"Drafters unanimously agreed to suggest to the National People's Congress to think it over (the application of nationality law).

"The NPC may have to conduct a thorough investigation into the matter, not only on the application of Article 12 concerning the civil servants.

"Concerning the racial minorities, the NPC might have to set up procedures and a government department for these people to apply to adopt Chinese nationality.

"Likewise, the department may also handle instances when Hong Kong people apply to give up their Chinese nationality."

According to China's nationality laws, public security bureaus are responsible for handling people applying to renounce Chinese nationality. The drafters were unsure which department in the Hong Kong SAR would be equivalent to the bureaus.

Dr Wu said mainland drafters were sympathetic to the special circumstances of Hong Kong. But drafters would not make concrete recommendations to the NPC, as revisions to the nationality law were beyond their responsibilities.

The mainland co-convenor of the subgroup, Mr Xiao Weiyun, acknowledged that Hong Kong could be treated as a special case. But he said any solution could be applied only after 1997.

The nationality issue—raised on Wednesday by Mr Lu Ping, a deputy secretary-general of the drafting committee—raised fears of serious disruption in Hong Kong's government at the 1997 changeover.

As drafters deliberated the nationality law, local senior officers in the Hong Kong Government refused to say if they would seek British passports. But they confessed they were worried by the uncertainties of the future.

Most said they hoped to stay in Hong Kong after China's takeover in 1997 without having to decide on whether or not to reside in Britain.

Secretary for Trade and Industry Mr John Chan, asked if he would apply for a British passport, said: "I haven't considered this question at this moment."

Secretary for Constitutional Affairs Mr Michael Suen said he wanted to stay on after 1997 but declined to say whether he would be prepared to apply for full British citizenship under the nationality package.

Principal assistant secretary for Constitutional and Electoral Affairs, Mr Francis Ho, said he would consider whether he needed to apply for a foreign passport.

Principal assistant secretary for Trade Mr Thomas Tso felt the question was sensitive. "I need to study the details of the implications of what Mr Lu Ping has said before I can tell you."

UK Minister Disappointed

HK2101023890 Hong Kong *SOUTH CHINA SUNDAY MORNING POST* in English 21 Jan 90 pp 1, 2

[By Dean Nelson]

[Text] A British minister last night described Basic Law drafters' recommendation that only 18 seats should be directly elected to the 1997 legislature as disappointing, while a senior Hong Kong Government official said "it does not look good".

The decision, which has increased the pressure on the British and Hong Kong Governments, will be studied closely tomorrow when more details are available. It is understood it will be discussed by the Executive Council on Tuesday, and Prime Minister Margaret Thatcher's cabinet on Thursday.

Senior British and Hong Kong officials said they were concerned about the decision but were unclear whether the move reflected China's final position on the pace of political reform after 1997.

High level talks were held in London and Beijing on Friday to find a compromise. Both Hong Kong and Beijing officials feared failure to find agreement could cause turmoil in the run-up to 1997. They are hoping to achieve "continuity" between the political structures before and after 1997.

A British minister told the *SUNDAY MORNING POST* many decisions made by the Chinese Government in the past had been described as "firm", only to be changed.

But he added: "It is disappointing if the Chinese are declining to go further. But it is not the end of the road."

Officials in Hong Kong said the sub-group of the drafting committee was relatively "low level" and did not necessarily reflect the last word of the leadership.

"It is a drafting committee sub-group made up of Hong Kong and mainland people. But there would not be any formal connection between this level and the Government level. In theory the group could decide whatever they wanted. But any dialogue would be going on separately," one Hong Kong official said.

"We have all been watching for a movement in the knowledge that the dialogue is going on anyway. The conclusion must be that this is the position of the drafters at the moment, but it is not the last word," he added.

Other officials dismissed the sub-group's decisions as a Chinese negotiating ploy aimed at buoying their position in talks with British officials in Hong Kong, Beijing and London.

"This puts the pressure back on again, but it is a question of whether this is their final position or part of their tactics. It is not the end of the road," one Hong Kong Government source said.

A British Government spokesman in Hong Kong agreed the move had increased pressure on the Government and said that time was running out.

"This is part of the negotiations and is obviously putting pressure on us, as is the time scale. The whole process is moving quickly towards a conclusion," he said.

One senior Hong Kong Government source said the development would make discussion easier because recommendations on the political structure were now formalised.

"There has not been a blueprint to bite on, until now. Now there is one, we can raise real questions on practicalities. On the other hand it is a public statement, but the context is not as terrible as it seems. After all, the sub-group is only an advisory body, and does not have plenary powers," he said.

Foreign Affairs Committee chairman Mr David Howell said Britain should press ahead with strong democratic reforms, regardless of Chinese decisions.

"What happens after 1997 is a matter for the Chinese, but the British Government should press ahead firmly with the democratic timetable it thinks is best for Hong Kong. The best through-train is freedom and democracy.

"Britain should provide a firm and supportive policy for Hong Kong, and stick to principles without kowtowing to the Chinese," he said.

UK Spokesman Comments

HK2201084690 Hong Kong *MING PAO* in Chinese 20 Jan 90 p 2

[Report: "In a Long-distance Telephone Interview, a Spokesman for the British Foreign Ministry Says That Those Who Obtain Right of Abode in Britain and Ask for British Consular Protection in Hong Kong after 1997 Must Renounce Their Chinese Citizenship"]

[Text] Yesterday, in response to *MING PAO*'s question, the spokesman for the British Foreign Ministry said that if the residents of Hong Kong who obtain British passports for native British people do not renounce their Chinese citizenship after 1997, Britain will not be able to provide them with consular protection in Hong Kong.

The British spokesman in London told *MING PAO* in the telephone interview that if the residents of Hong Kong renounce their Chinese citizenship at the same time as they obtain British passports for native people and the right of abode in Britain, they will receive Britain's consular protection in Hong Kong after 1997.

MING PAO asked: When sovereignty over Hong Kong is returned to China in 1997, the residents of Hong Kong will automatically achieve Chinese citizenship according to China's Nationality Law. Then what will happen to them if they hold a British passport?

The spokesman answered: By that time, if those residents of Hong Kong have not done anything, they will have dual citizenship. According to international law, when a person has dual citizenship, one of the two countries will not be able to provide him with consular protection. If most residents of Hong Kong who hold British passports still "do nothing" at that time, then they will not receive Britain's consular protection in Hong Kong.

MING PAO asked him whether this indicates that those Hong Kong residents should file applications renouncing their Chinese citizenship according to the PRC Nationality Law. The British spokesman did not say no, and stressed that this will be a decision that should be made by the Hong Kong residents themselves.

He then explained that when Foreign Secretary Hurd said at a press conference in Hong Kong that the residents of Hong Kong with British citizenship will receive access to Britain's consular protection in Hong Kong after 1997, this was just a general principle. The foreign secretary could not speak with regard to different cases.

The spokesman also said that before 1997, the residents of Hong Kong who hold British passports for overseas nationals can still receive Britain's consular protection in China, and there is no such problem as dual citizenship, unless they also hold passports issued by China.

Training Firms Stymied by PRC Restrictions

HK1701022790 Hong Kong HONGKONG STANDARD in English 17 Jan 90 p 8

[By Fan Cheuk-wan]

[Text] Hong Kong companies running staff training programmes for Chinese officials have been forced to stop work because of Beijing's strict control on travel introduced after the June 4 massacre last year.

ACL Consultants, which organises training programmes here for Chinese government officials, has stopped such work due to the decline in exchanges.

Sources at ACL said the six employees of the personnel training department had been given a letter of dismissal.

"The June 4 incident has dealt a severe blow to the business of the ACL group which mainly offers China trade related services," one source said.

"Since last June, the group has lost several million dollars due to the rapid shrinking of the China market," the source said.

"The ACL group originally employed more than 40 employees, but about 20 people have resigned since June 4. Some more people are expected to be dismissed in near future."

Mr Andrew Fung Hokeung, managing director of ACL confirmed the company had cancelled its personnel training programmes.

Mr Fung said he had not scrapped the department and hoped to resume the courses once the political atmosphere in China changed. Since the June 4 killings, the Chinese Government has refused to approve permits to Chinese officials who have applied to attend training courses in Hong Kong.

Mr Fung, a member of the Basic Law Consultative Committee, said: "It's extremely difficult for the officials to apply for an entry permit to Hong Kong," he said.

The International Institute for Technology and Business Management, another leading organisation running training courses for Chinese officials, has also stopped such courses in Hong Kong.

"The institute has not begun new courses for training Chinese civil servants since the Beijing incident," a source said.

"In the past, the institute's programmes for Chinese civil servants required the assistance of the Hong Kong Government," the source said.

"But after June 4, the relations between the Hong Kong Government and China have worsened. It's very difficult for us to arrange the reception work and training programmes under the present political atmosphere," he said.

"Under the impact of international economic boycotts, foreign organisations have stopped offering financial support for our training programmes," the source said.

Despite the political and economic difficulties, the source said, the institute would organise a research programme next month for Chinese officials to study the foreign civil service system, which would become the first exchange programme between the mainland and Hong Kong since June 4.

Mainland Exports Increase in 1989

OW1901143090 Beijing XINHUA Domestic Service in Chinese 1239 GMT 18 Jan 90

[By reporter Zhong Liqiong (6988 7787 8825)]

[Text] Hong Kong, 18 Jan (XINHUA)—Tong Zhiguang, general manager of the China Resources conglomerate, told reporters today that the mainland's export to Hong Kong last year amounted to some \$13.8 billion [currency unit, mei yuan (5019 0337), as received], or 10.94 percent more than the preceding year, according to the statistics compiled by the Ministry of Foreign Economic Relations and Trade.

Tong Zhiguang said that the chief reason for the growth of exports from the mainland to Hong Kong last year was that the state, as well as trading corporations, paid attention to trade with Hong Kong and thus increased the supply of goods for export. This has ensured the volume of exports to Hong Kong and, at the same time,

indicated that it has become a rule for the mainland and Hong Kong to maintain interdependent economic relations.

Referring to last year's business of the China Resources conglomerate, Tong Zhiguang said that, despite the slackening trend on the Hong Kong market, the rise in operating expenses, and the efforts by the mainland to reduce imports, the business volume of the China Resources conglomerate last year remained at the same level as 1988, in the amount of 50 billion Hong Kong dollars.

Last year the China Resources conglomerate continued to make investments in the mainland, Hong Kong, and foreign countries. Up to last year, it has invested in more than 200 mainland projects, with total investment exceeding 2.4 billion Hong Kong dollars. In addition, the conglomerate has increased its investment in Hong Kong's container ship dock and warehouse, the tunnel project, hotels, and other public utilities projects, showing its confidence in the future of Hong Kong. In the meantime, it has increased investments in the United States, Western Europe, South America, and Southeast Asia.

Shanghai Trade Fair Displays Mainland Products

Trade Fair Opens

OW0401044590 Beijing XINHUA in English
0224 GMT 4 Jan 90

[Text] Hong Kong, January 4 (XINHUA)—A fair of Shanghai economy and trade, the first of its kind from the Chinese mainland in the 1990s, opened here yesterday.

Participants to the fair include more than 40 companies from Shanghai. On display are more than three hundred kinds of commodities including textiles, agricultural products, handicrafts, metals and minerals, machinery, chemicals, and medicine.

In addition, the fair provides a forum for negotiations on investments in more than 100 projects in Shanghai and exports of high technology products from that city.

Shen Beizhang, chairman of the Shanghai Foreign Economic Relations and Trade Commission, said that the total value of Shanghai's exports in 1989 reached five billion U.S. dollars, an 8.6 percent increase over 1988.

In 1989, the Shanghai municipality approved 190 projects with direct foreign investment, involving 360 million U.S. dollars of foreign capital in total.

Up to the end of 1989, Shanghai had approved the establishment of more than 700 foreign invested enterprises, involving a total of 2.495 billion U.S. dollars of foreign capital from 21 countries and regions.

Hong Kong is an important trading partner of Shanghai. Shanghai has close ties with more than 3,000 enterprises in Hong Kong.

Shanghai's annual trade with Hong Kong and Macao is estimated at 1.5 billion U.S. dollars. Last year, Shanghai's export to Hong Kong in value terms was 820 million U.S. dollars, representing a 10.9 percent increase over that of 1988.

The number of enterprises set up by Hong Kong businessmen in Shanghai have now reached 355, accounting for 51 percent of the total number of overseas enterprises in the city.

Hong Kong has invested 660 million U.S. dollars in Shanghai, ranking first among external investment sources.

Gains Cited

HK1101025590 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English
11 Jan 90 p 5

[By Geoffrey Crothall]

[Text] The Shanghai Fair held in Hong Kong over the past six days closed yesterday with total contracted sales of US\$151 million.

Mr Shen Beizhang, chairman of the Shanghai delegation, said the figures, 50 percent higher than expected, confirmed the strength of Shanghai's exports, particularly on the Hong Kong market, but he warned the declining productivity could jeopardise future export orders.

Shanghai's industrial production has declined steadily since September last year and Mr Shen said urgent measures were needed to reverse the trend.

While most of Shanghai's 100 companies licensed to engage in foreign trade were "generally healthy", a senior trade official admitted privately that several had been closed down during the past year. He declined to give details.

"We must do everything we can to bolster production and ensure the contracts signed at this fair are fulfilled on time so as to maintain good relations with our foreign trading partners," Mr Shen said.

"We have already taken measures to ensure a sufficient supply of raw materials to Shanghai's industries this year and we hope the supply of electricity, although still inadequate, will be improved," he said.

"Shanghai's manufacturing industries rely heavily on materials imported from other provinces and abroad," Mr Shen explained. "These materials have become increasingly difficult to secure in the current economic climate, but the market is gradually being stabilised and the situation should improve later this year."

Mr Wang Zukang, vice-chairman of the Shanghai Foreign Economic Relations and Trade Commission, said the municipality was exploring several new ways of securing raw materials, including the expansion of barter trade with the Soviet Union.

"Although our trade with Soviet Union has greatly increased over the last year and the Soviets and East Europeans are keen to expand ties even further, the goods they are offering us—vehicles and industrial machinery—are not what we really need," Mr Wang said.

"We need raw materials such as oil and timber; we have more than enough industrial products already."

Mr Wang said in future Shanghai would be working through trading corporations in Hong Kong, Southeast

Asia and even India in order to ensure supplies of much needed raw materials from the Soviet Union.

No such "third-party" deals have been signed yet, but Mr Wang said he expected several contracts to be finalised in the near future.

Although the majority of export orders concluded at the fair were for textiles and clothing, officials said they were particularly encouraged by sales of electronics and technical instruments, which totalled more than US\$10 million.

"Shanghai is one of the most advanced scientific and technical research and development centres in China and we hope it will develop into a major export centre in the 1990s," Mr Shen said.

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